

History

MARCH 1938

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★ On the cover you will see a graphic portrayal of a playground in which some children of the nation's "submerged third" are being brought up. The rest of the story of the nation's housing needs and what is being done about them is told in *Uncle Sam's Housing Worries*. No one can speak with greater authority on this question than the author of this article—**Nathan Straus**, the Federal Housing Administrator.

★ *M. Chautemps Cries "Wolf"* brings a new and brilliant contributor to *Current History* readers. **Alexander Werth** is a British journalist, the Paris correspondent of *The Manchester Guardian*, and the author of two standard works on France, *France in Ferment* (Harper's, 1934) and *Which Way France?* (Harper's, 1937). He presents a new slant on the last French crisis and makes some interesting predictions. It is a most timely and penetrating interpretation of the French scene.

★ While charges against the railways and counter-charges by the railways are flying around, there are various rumors of impending government action. And with the coming of busses, trailers, and air transport, stockholders in railroad companies are beginning to feel like another host of "forgotten men." In *Lo, the Poor Railroads!* **F. E. Williamson**, president of the New York Central, succinctly and forcefully presents the position of the railways.

★ The newspapers periodically feature blasts from loyalist or rebel sympathizers accusing the other side in the Spanish war of distorting the news. In *Correspondents in Spain*, **Lawrence A. Fernsworth**, the London and New York Times correspondent in Barcelona, discusses this censorship issue. His article is, incidentally, uncensored, having been sent from France as he returned to his Barcelona post.

★ **W. Carroll Munro**, an associate editor of *Current History*, pricks some bubbles and points out where the economists err in his entertaining and illuminating analysis of *The American Way*, which is not always as it appears in the advertisements.

★ Most of the headlines have gone to the pogroms, the street riots, and the other extra-legal outbursts of anti-Semitic activity in Germany. But behind all these is a vast web of anti-Semitic laws, lending sanction to the continuing persecution. **Curt L. Heymann** takes us through this extremely important but little-known aspect of Nazi Germany in *German Laws Against the Jews*. Dr. Heymann is a member of the editorial staff of *The New York Times* and a frequent contributor to these pages.

★ Someone calculated that, if every Chinaman added half an inch to his shirt, the American cotton problem would not exist. Well, the Chinese failed to take action on this proposal, and cotton-growers, wisely realizing that they were not likely to, began to look around for more substantial prospects nearer home. The result is that *Cotton Finds New Markets*, and the South finds its hopes revived. The author of this article, **Howard Stephenson**, is the author of several books, a former Scripps-Howard editorial writer, and former editor of *The American Druggist*.

★ Guerrilla warfare is now the order of the day in China. These small battles may have much to do with the result of the war over a period of time. But by far the most decisive phase of the hostilities so far has been Japan's devastating advance from Shanghai inland, smashing through the series of Chinese "Hindenburg lines" and capturing China's key cities. The military aspects of this history-making event are lucidly described in *Japan's Big Push* by **Captain Andrew Tolstoy**, military expert and author of *Chronicle of War* in the December issue, to which the present article is an important sequel.

★ Negotiations between capital and labor for the settlement of disputes have been more successful in railways than in any other branch of industry, and the machinery established there has been held up as a model for all to follow. In the seventh article of his series on *Labor in America*, **Herbert Harris** describes the significant growth and activities of the railroad brotherhoods, which may, by the way, point the way to peace between the American Federation of Labor and the C.I.O.

# CURRENT HISTORY

MARCH 1938

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Current History, Volume XLVIII, No. 3, March, 1938. Whole No. 282. Published Monthly by Current History, Inc., at 63 Park Row, New York, N. Y. 25c a copy; \$3 a year; two years \$5; three years \$7, in the United States, possessions, Canada, Central and South America and Spain; elsewhere \$1.25 a year additional. Subscribers should notify Current History of change of address at least three weeks in advance, sending both old and new address. Indexed in the Readers' Guide to Periodical Literature. Entered as second-class matter September 28, 1935, at the postoffice at New York, N. Y., under the Act of March 3, 1879. Additional entry at the postoffice at Chicago, Illinois. Entered in Canada as second-class matter. Copyright, 1938, by Current History, Inc. Printed in U. S. A.

## The World Today in Books

LAST year, when this department published its annual article on university presses, a reader wrote and asked why it was, if universities published as many important books as we said they did, that most of the book reviewers seldom discussed those works in their columns. We replied that most book reviewing, like book publishing, was largely a matter of buck-passing; that a surprising number of books was selected for review on the basis of the publisher's name; that the publisher, in his turn, leaned heavily on the name of the literary agent; and finally, that the literary agent was often dependent upon the name of the author. The university press, however, does not rotate on this orbit. To begin with, it is not interested in, nor does it need literary agents. Its books are selected in the majority of instances not on the basis of whether the author is a proven best-seller, but on the basis of whether what the author has to say deserves to be printed. And lacking the business organization and the promotion budget of the commercial publishers, the university press has no "name" with which to impress the reviewers, a number of whom entertain the notion that any book bearing the imprint of a university press must be pretty stuffy reading.

These two reasons—the lack of bigness in reputation and the conception of university books as highly technical—have been responsible for the paucity of reviews in the popular channels. There are, however, exceptions. The literary critic of the *New York Times* devoted two successive columns recently to a university press book, despite a conspicuous silence on the work among most of his colleagues. *Sweden: The Middle Way*, one of the two university press books on *Current History's* list of the ten outstanding non-fiction works of 1936, was "discovered" by a daily reviewer for one of the Metropolitan newspapers. But for the most part, a university book

must already be on the best-seller lists before the reviewers will say anything about it.

While it is true that a large percentage of the university books are of a specialized nature and do not lend themselves to popular appeal, many reviewers make the mistake of ruling out all university books on this basis. One of the finest and most important of recent books—one which was especially written for a popular audience—received nothing like the attention it justly deserved. The book, *This Is Our World*, by Paul B. Sears, published by the University of Oklahoma Press, has as perfect a general reading appeal as anything published in the non-fiction field in recent months, yet comparatively few reviewers gave it any mention at all, despite its evident ability to carry top billing.

If it is the intention of the reviewers to wait until the university presses build a "name" for themselves, in the commercial sense of the word, they shall not have to wait very long. The growth of the presses in the general field has been little short of amazing. More than twenty of them have joined a central sales agency, University Books, in a definite attempt to make headway in the popular book market. The central agency sends out travelers who call on libraries and book stores throughout the country, to show and offer for sale the books published by the university presses. A central display of university books is maintained for the public. In the one year since *Current History* made its last survey on university press publishing, the soundness and practicability of this move have been easily apparent.

### UNIVERSITY BOOKS REVIEWED IN THIS ISSUE

BOOK	AUTHOR	PUBLISHER	PRICE
<i>This Is Our World</i>	Paul B. Sears	University of Oklahoma Press	\$2.50
<i>A History of Historical Writing</i>	Harry Elmer Barnes	University of Oklahoma Press	3.50
<i>Britain in Europe 1789 to 1914</i>	R. W. Seton-Watson	Cambridge University Press	9.00
<i>The Citizen's Choice</i>	Ernest Barker	Cambridge University Press	2.00
<i>Dom Pedro the Magnanimous</i>	Mary Wilhelmine Williams	Chapel Hill	3.50
<i>A History of Argentina</i>	Ricardo Levene	Chapel Hill	4.00
<i>Boundaries, Possessions, and Conflicts in South America</i>	Gordon Ireland	Harvard University Press	4.50
<i>Documents on International Affairs 1936</i>	Stephen Heald John W. Wheeler-Bennett	Oxford University Press	14.00
<i>The Criminals We Deserve</i>	Henry T. F. Rhodes	Oxford University Press	2.50
<i>Machine Politics: Chicago Model</i>	Harold F. Gosnell	University of Chicago Press	2.50
<i>Victorian Critics of Democracy</i>	Benjamin E. Lippincott	University of Minnesota Press	3.75
<i>The Unicameral Legislature</i>	Alvin W. Johnson	University of Minnesota Press	2.50
<i>Spain Poised</i>	S. Chatwood Burton	University of Minnesota Press	5.00
<i>Theory and Practice of International Relations</i>	Madariaga	University of Pennsylvania Press	1.50
<i>China and the World War</i>	La Fargue	Stanford University Press	3.25
<i>Captains and Mariners of Early Maryland</i>	Raphael Semmes	Johns Hopkins Press	5.00





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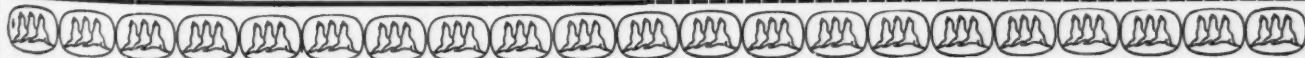
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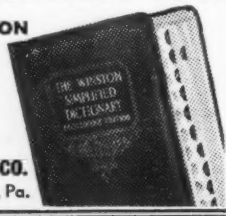
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Avenues of distribution heretofore unopened were made available. Sales of university books in the popular fields have spurted. Promotion has been intelligently planned and executed. It is with no feeling of undue optimism that *Current History* is able to report on the basis of its present survey that the university press is in the commercial field to stay; that its influence in the world of books is greater today than at any time in its publishing history; and that an even greater growth may be expected within the next few years.

Already, the presses have taken the leadership in certain phases of publishing. In printing and in binding, their margin of superiority over the average commercial press has been very marked. Little yet has been published that can compare with University of Chicago's *Ancient Egyptian Paintings*, the most costly and elaborate art publication ever produced. The presses of North Carolina, Stanford, and Oklahoma to mention only a few, exemplify book-making at its best. Each work is produced as if it were made to go on exhibition.

### Oklahoma

THE current publishing lists of the university presses reveal a number of works which have a broad appeal. *This Is Our World*, by Paul B. Sears, is in keeping with the fine tradition established by its author when he wrote *Deserts on the March*, which won for him a Book-of-the-Month fellowship three years ago. Like his earlier work, Mr. Sears' present effort seeks to bridge the gap between the scientist and the layman. His writing is charged with a wondrous enthusiasm for the world about him. This enthusiasm is not affected; it is part of Paul Sears,

and there are few readers, whether they are professional scientists or laymen, who will not feel that they have had a large measure of that enthusiasm transmitted to them through this book. Writers will do well to observe closely the author's technique. Never pompous, never emphasizing his own authority, never overwhelming the reader with weighty detail, never heckling the text with annoying footnotes, Mr. Sears is completely in command of his audience at all times. To him, man's relation to the world about him is the most interesting of all subjects, and he writes as if he were going to prove it.

*This Is Our World* tells the story of the real world in which we live. "It is the world," Paul Sears writes, "we see only in faint distortions in office or apartment, the world which passes like an unreal picture as we ride along our ribbons of concrete. It is the world which reaches us, vastly disguised, through the ticker-tape or the weather report. It is the world against which we have erected the barriers of cities, transportation, clothing, and all of civilized culture. . . It is the world into which, if we are to survive, we must fit, no matter how pretentious we are."

The University of Oklahoma, which published Mr. Sears' book, is also the publisher of another excellent recent work: *A History of Historical Writing*, by Harry Elmer Barnes.

Mr. Barnes, whose prolificacy in the field of research writing is a source of mixed admiration and amazement to those who have followed him through more than two dozen works on history, sociology, and political theory, has contributed what in many respects might be called a pioneer work. His

## Questions and Answers

### Answers on Page 76

1. What is the name of the gulf between Mexico and Lower California?
2. Which State has the most railway mileage?
3. Which State is the wealthiest?
4. Which State was the last to enter the union?
5. Who is the ruler of Vatican City?
6. What States does Lake Erie touch?
7. What is a uni-cameral legislature?
8. Name the last four Vice-Presidents of the U. S.
9. Name three living former Vice-Presidents?
10. Has the Vice-President a vote in the Senate?
11. Charles G. Dawes was Vice-President under what President?
12. Who was recently appointed Solicitor General?
13. Who is the "forgotten man of Doorn?"
14. Name the eight countries that touch the boundaries of Germany.
15. Who is the Treasurer of the United States?
16. Name seven of the countries that signed the nine-power treaty?
17. David Lloyd George held what position during the world war?
18. Is Mexico a member of the League of Nations?
19. Has oil production in Mexico increased or decreased the last 15 years?
20. Which have the largest investments in Mexico, American or British interests?
21. Paul van Zeeland is ex-premier of what country?
22. Name the three great American dirigibles that have met with disaster within the past fifteen years?



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tories have been written about peoples and countries and movements but there has been very little in the way of histories on histories. This subject is not as inconsequential as might first appear, especially since Mr. Barnes' method has been to view the writing of history through the intellectual accomplishments or failings in each major period. So that the work is not a compendium of historical listings but a dimensional study of the various cultures which played prominent parts in the attitudes of the historians, as well as a careful examination of the individual contributions of the major historical writers of each period. Mr. Barnes does not discard his critical faculties when he comes to a consideration of contemporary historians, although it would have been easier for him to slide gracefully over the last fifty years, thus conveniently sidestepping any controversy. If there is one failing in his book, it is that one of the most prominent of contemporary historians has no mention at all—and that historian is the author himself, Mr. Barnes.

#### Cambridge

THE Cambridge University Press, through the Macmillan Company, has recently issued two important works. These are *The Citizen's Choice*, by Ernest Barker and *Britain in Europe*, 1789 to 1914, by R. W. Seton-Watson. Mr. Barker's work consists of a series of lectures and essays by the author during the last five years. Although originally composed for a university audience, the lectures are simply and clearly written and will be of great service to those who are trying to appraise each of the various schools of political thought and find a comfortable haven in which to house their convictions. There is no clear-cut solution, Professor Barker warns, for to denounce one form of government as totally bad and to uphold another as totally good is to deny the necessity for critical observation. He points out, for example, that to be a "pure friend of fascism is to forget that it tends to substitute a generated mass-enthusiasm for the reasoning and reasonable process of discussion." And to be a "pure enemy of fascism is to forget that democratic forms of discussion may be degraded into a collusive game for lucrative stakes."

*Britain in Europe* is one of the vastest undertakings in the field of history in recent years. The author, Masaryk Professor of Central Euro-

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pean History in the University of London, wrote the book out of need for a historical study of British foreign policy, as apart from the Empire's diplomatic policy. Dr. Seton-Watson points out in his preface that he originally planned to limit the volume to the period from 1822 to 1874, but soon became convinced that an extension of the work, both earlier and later, was necessary. The work is the result of careful scholarship and will be widely used as the standard reference study on this subject.

**North Carolina**

THE Chapel Hill Press of the University of North Carolina, which has done more than any publishing house in the country to explain, dramatize and chronicle the history and the needs of the South, seems to be heading still farther south in the Americas for book material, and the indications are that it will establish leadership in that field, too; at least, if the two current books it is issuing on South America are to be taken as any criterion. The books are *A History of Argentina*, by Ricardo Levene, and *Dom Pedro the Magnanimous*, by Mary Wilhelmine Williams.

Translated and edited by W. S. Robertson, *A History of Argentina* is the first volume of the Inter-American Historical Series, which had its beginnings in the Pan American Congress held at Panama in 1926—one hundred years after the famous Bolivarian congress of 1826. The proposal was made and adopted at the session that a qualified representative of each country in Hispanic America write a history of his country, one that would reveal to Anglo-Americans the manner in which each nation was considered by its own historians. The series has started very auspiciously with *A History of Argentina*, which has set a high standard for the works which are to follow. The publication of this series throws out in bold relief a function of the university presses that is very close to a public service. Although the series could not be expected to be published without a loss, and although foundations interested in Hispanic America were not able to lend financial aid, Chapel Hill considered the publication of these books far more important than any prospective monetary return and assumed the responsibility for their issuance.

Another pioneering achievement by this press is the biography of Dom Pedro II, of Brazil, of whom there has been no work to date in the English language. Dr. Williams has told the

story here of one of the most colorful of all South American rulers. Dom Pedro, says Dr. Williams, was one of the most notable people of his century. He brought to his people the "best results of human thinking throughout the world; and, in view of the national and constitutional handicaps against which he struggled, he should rank among the wisest and best rulers of the period." *Dom Pedro* is a pleasantly-written biography; it should be of great value to students of Brazilian history.

**Harvard**

ON THE subject of books dealing with South America, what is certain to become a recognized reference work has been published by the Harvard University Press. It is called *Boundaries, Possessions, and Conflicts in South America* and is written by Gordon Ireland, professor of Civil and Latin-American Law, at the Louisiana State University Law School.

Professor Ireland's work is a detailed factual record of the boundary disputes which have constituted "so large a proportion of the international problems of the South American republics for over a hundred years." The book is a monument of research.

**Oxford**

ONE of the most notable accomplishments of the Oxford University Press has been its publication of the works issued under the auspices of the Royal Institute of International Affairs. The latest of these volumes is *Documents on International Affairs 1936*, edited by Stephen Heald in conjunction with John W. Wheeler-Bennett. Consisting of the texts of speeches, correspondence, treaties, etc., the work is supplementary to the *Survey on International Affairs*. Ever since 1928, the *Documents* series has been an indispensable reference work for the historian, the diplomat, and all those who have a specialized interest in world affairs. The present volume includes material on Europe, the Middle East, America, and the Far East, as well as documents having no specific relation to localities, such as the Tripartite Currency Agreement.

*The Criminals We Deserve* is the intriguing title of another book on the Oxford list. Written by Henry T. F. Rhodes, professor of criminology at the University of Lyons, and a member of the International Academy of Criminology, the book is a candid examination of popular attitudes toward the criminal, penal systems, and ways of



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Cate. Two diaries of interesting contrast, one (the longer) of a Confederate soldier; the other, of a Union soldier. March 19. \$2.50

**Sojourner Truth** by Arthur Huff Fauset.  
The life of a colored woman, born a slave in New York, whose abolitionist and religious activities make a strange story. March 26. \$1.00

**The Attack on Leviathan** by Donald Davidson.  
Twelve essays on the general thesis that the nation is most likely to stand if its divided character is recognized. March 5. \$3.00

**A History of Argentina** by Ricardo Levene.  
Translated and edited by W. S. Robertson. The first volume in the Inter-American Historical Series. "If the other volumes live up to the standards set by this one, the series will be, for students of inter-American culture, invaluable." —*The Saturday Review of Literature*. Ready \$4.00

**A History of Colombia** by Henao and Arrubla.  
Translated and edited by J. Fred Rippy. The most recent, extensive, and scholarly history of Colombia, translated, edited, and annotated for English readers. April 30. \$4.00

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reducing or even eliminating crime. There is little comfort in Professor Rhodes' work for those who approve of the American form of crime prevention and penal correction. Criminality, he says, is something inherent in our social order and unless we take steps to adjust the social order to the present-day needs of a more complicated society we cannot hope to expect a reduction in crime. Moreover, he adds, the usual methods of penal correction are not correction at all but actually serve the purpose of confirming a criminal in his anti-social tendencies.

### Chicago

Not the least among the University of Chicago's various specialties are its studies on politics. The faculty numbers several members who have not limited themselves to the far-off study of politics but who have actually gone into the field, some with a large measure of success. T. V. Smith, author of *The Promise of American Politics*, published two years ago, has made a name for himself not only in the professorial but in the political field. And now another member of Chicago's faculty, Harold F. Gosnell, who has been dipping in and out of politics for many years gathering first-hand information for his many studies, has kept the tradition going with his *Machine Politics: Chicago Model*.

What the Lynds have done for Middletown in the field of sociology, Professor Gosnell has done for Chicago in the field of politics. Beginning with the Big Crash of 1929 and up through the last Presidential election to the present day, the author has peeled the concealing layers off Chicago politics for all to see. When the political pendulum swung toward the Democrats as the result of depression, Chicago underwent no purifying experience. The labels were different but the appetites of the controlling politicians changed not one whit from their predecessors: trimmings with gravy on every plate. The defeated opposition party, however, suffered more severely than it would in a normal period because there was not enough left over to sustain them in the manner to which they were accustomed. "In a period of economic depression," Mr. Gosnell says, "there is graft enough for only one machine."

Not the least important aspect of the book is the interesting analysis of the influence of the press during the 1936 election. Despite the popular impression that the Roosevelt victory indicated that the Chicago press had

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## The Monroe Doctrine 1867-1907

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completely lost influence, charts prepared by the author definitely show that such was not the case.

### Minnesota

VICTORIAN CRITICS OF DEMOCRACY, by Benjamin E. Lippincott, and published by the University of Minnesota Press, is an interesting discussion and examination of the intellectual rightists of the nineteenth century. There is very little difference, Mr. Lippincott says, between the issues of democracy and capitalism during the Victorian era and that of today, and the criticisms of democracy made then are just as applicable now. In fact, "Hitler and Mussolini made Carlyle's fight" and are his "heroes in action, ruling the dull millions." Ruskin, the author adds, was more of a National Socialist than the present Nazi rulers; Arnold anticipated the Fabian socialists; Lecky typifies the dilemma of the middle-class; and there are "elements of fascist thought in Stephen and Maine."

Mr. Lippincott's position is that as a group, the Victorian critics of democracy had little understanding of the need for freedom among the lower classes. "They put too much emphasis on authority . . . they did not see that the democratic system, which they opposed, is the very best system for achieving their end; they did not see that the best way to make men responsible is to give them some responsibility."

Mr. Lippincott thinks and writes clearly. The issue is sharply defined. If we mean by democracy the welfare of the majority of the people, then we cannot assume that the best way to provide that welfare is to limit the people in their expression and in their rights. A democracy is not a democracy if it becomes the property of any small group, regardless of its intellectual trappings and drawing-room philosophy.

Two additional Minnesota books deserving of special mention are *The Unicameral Legislature*, by Alvin W. Johnson and *Spain Poised; An Etcher's Record*, by S. Chatwood Burton. Dr. Johnson's work is an important study of a form of State government which may very well serve as the model to be adopted by forty-seven States in the union. Nebraska has already adopted the one-house form of legislature, and Dr. Johnson reports that its experience has been largely successful. Opponents of the unicameral system will find that most of their arguments have no foundation in fact.

*Spain Poised* was written and drawn for the purpose of preserving the memory of the Spain that existed before the civil war. How much remains of the old "Castles in Spain" era is hard to say, but Mr. Burton has contributed a number of effective reminders. In a series of technically competent, pleasant etchings, he shows us how they all used to look—Cordoba, Toledo, Alcazar, Cuenca, the Alhambra, to mention a few which are familiar to most Americans. The author's comments confirm a characteristic apparent in his drawings—he is sensitive to the beauty not only of Spanish castles but of Spanish tradition.

### *Pennsylvania*


SALVADOR DE MADARIAGA, who has been clarioning for greater understanding among all nations with great vigor in this country during the last few years, has written a little book for the University of Pennsylvania Press on *Theory and Practice of International Relations*. Mr. Madariaga states with great conviction his belief that if the

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problems of world affairs are to be solved at all, they will have to be solved collectively. Some permanent system is necessary to solve these problems, he says, adding that the establishment of a workable and strong world council for world affairs is the first step. The author's own opinion seems to be that the present League could serve the desired purpose.

*Stanford*

ONE of the most ambitious of all American university press undertakings is the Hoover War Library Publications, issued by the Stanford University Press. The twelfth volume in the series, *China and the World War*, by Thomas Edward La Fargue, has just been published. Authoritative and comprehensive, the work is of especial importance at this time in view of the background material it affords for an understanding of the present conflict in the Far East. The causes of today's war are not all to be found in events of the last few years; some of them have their roots in events in China's history since the turn of the century, and Mr. La Fargue's work makes this clear. The author has covered every aspect of China's history during the World War. He has recorded the relations of China with each of the various belligerents and has included texts of documents which figured prominently in China's war participation.

## Johns Hopkins

RAPHAEL SEMMES writes of Maryland's early history with the warmth and richness of expression that usually come only from personal observation. His *Captains and Mariners of Early Maryland*, published by the Johns Hopkins Press, offers much evidence that the intervening centuries have not dulled the sparkle of the characters who gave so much color to their State's early development. Perhaps it is because Mr. Semmes is writing about people, and not about prosaic events, that he succeeded in giving so much flavor to his book. The author's research uncovered a mine of interesting narrative which he has passed along to the reader and which in many cases is told in the words of the early settlers—strong, vibrant language, full of bounce.

The Johns Hopkins Press, incidentally, has just celebrated its Sixtieth Anniversary. The pioneer American press issued its first work, the

*(Continued on Page 80)*

A SELECTED LIST OF  
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# Turmoil

SPOKESMEN for small business, called in conference by the Roosevelt Administration, met, roared, rowed, resolute, and adjourned, all within three days.

What does the Administration know that it did not know before? What do the small business men know that they did not know before? What do the rest of us know that we did not know before?

You cannot quarrel with the objective. No more can you quarrel with most of the objectives men have sought since the dawn of time. If it were merely a question of objectives, humanity would have been on a level with the angels long ere this!

There is not one thing to be said against the idea of trying to get advice from small business men, big business men, or even medium-sized business men. But what about the idea of running a government like ours on the advice, or in response to the pressure of groups? Is it consistent with our traditions in particular, or with the basic principles of democracy in general, to rest public policy on group, clique, bloc, or class desires?

That is the all-important question confronting the nation.

For five years now, we have been trying to work ourselves into a state of economic bliss by a series of detached and often contradictory adjustments between or among factions. The outstanding result has been to increase and harden factionalism, to split the country into blocs, to widen rather than close up the cracks. For the moment, anything like genuine cooperation between capital and labor is out of the question. Each has been practically forced to mobilize against the other, to assume that their common interest does not outweigh all other interests, and that the public interest is of no great importance. If the aim was to promote bigger and better quarreling, the Wagner Act must be written down as a huge success—4,000 strikes in 1937, with a million and a half workers affected, and the loss of 27,000,000 days' work, not to mention all other losses incident to disturbance, disruption, and disorder.

Unless I have misread American history, the underlying purpose of this government was to apply the broadest and most universal principles to all problems and to consult group, factional, or class interests only when they conformed with such principles. That pur-

pose, however, appears to have been forgotten in the present scramble for prosperity at any price.

The New Deal's biggest idea seems to be that we can attain general prosperity by fixing up first one group and then another, either through the granting of special favors, or through restrictions on some opposing group, by robbing Peter to pay Paul, then Paul to pay Peter, and then somebody else to pay both. To this end, we have had conferences galore, each sounding its own horn and winding up with petitions for some measure that would react to its own peculiar advantage. The net result has been a veritable hodge-podge of legislation, much of which has died because of obvious impracticalities. Vast sums of money have been expended to help some groups increase their production and vast sums have been spent to help other groups curtail it. Those in charge have titled the performance "expert planning," but mostly it has been brought about by group pressure.

All this represents a definite change in American ideas as to what the purpose of legislation should be, and on what principles it should be formulated. Whether constitutional or not, many measures that have been passed with the since objective of promoting the common good, conflict with those traditions and standards which our system of government is supposed to express. Millions of people have been persuaded or coerced into joining organizations and fostering antagonisms in which they do not sincerely believe and which involve the surrender of their personal rights and opinions. Not only because of the confusion which results from these expanded antagonisms and organizations, but because of widespread discontent among people who have been drawn into them, and, above all else, because the outcome has been far less satisfactory than was promised and predicted, we have little to show for all the spending and experimenting except turmoil. Nothing has done more to discourage the American people than the continuous proposing, modifying, and abandoning of plans which at best could only help segments of the population.

*Mc Tracy*



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# HISTORY IN THE MAKING

## Armaments for Peace

DESPITE the passive disapproval of a good portion of the citizenry, the Administration has decided to arm for peace. Battleships will be built, cannon cast and young men trained—for peace. This may seem contradictory to those who have not yet learned that peace and war have much in common.

And there are many interesting aspects to this domestic armament program. Of greatest interest at present is the justification offered for peaceful arming by the apologists or, as they are commonly known, the expert observers. In the first place their logical minds refuse to believe that behind the armament program lies a pathological fever bordering on mental chaos. To these gentlemen domestic armament for foreign war is but another clearly indicated step in the pursuit of a sound politico-economic foreign policy. The battleships, they point out, are replacements for obsolescent units and not, as many people think, additional reinforcements. Nor will these new battleships be available much before 1942. So it is, we are told, that instead of being a pledge to some future war, the naval building program is in reality an instrument of peace to be cleverly and, of course, irresistibly, manipulated to that end.

Consider the threat of the totalitarian nations to the democracies of the world, the threat of Germany in middle Europe, the threat of Italy in Africa, the threat of Japan in Asia, each and all dissatisfied nations intent upon bettering their positions at all costs. The United States, we are told, must combine with other democracies to meet this threat or prepare to meet it alone. But how? And the apologists for the Administration have the answer. In fact we are not only informed that our leaders are at present preparing cannon and bombs, but have already baited and set an economic

trap into which Hitler, Mussolini, Hirohito, and perhaps, even Vargas will stumble. Once caught these scourges will then summarily be tried by economic law. It is all very simple.

We are told that the heart, liver, and lungs of the Administration's for-

or the United States, a democracy. And if it chooses Germany, then automatically it will be deprived (because of our agreement with Britain) of access to two-thirds of the world trade. In view of this, we are told, the ensuing pressure upon the unfortunate



Glasgow Record

THE ROOSEVELT POLICY IN INTERNATIONAL AFFAIRS

ign policy is Mr. Hull's reciprocal-trade-treaty program. Recently this policy secured the signing of a British trade treaty. And that treaty—in theory—we are informed, completes the economic trap into which we are going to tumble our enemies. It will work as follows. Suppose Germany for the purpose of securing raw materials on a barter basis, gains political ascendancy over a weak-sister nation, and demands from its victim an exclusive trade arrangement. Such an agreement will of course conflict with our own reciprocal-trade-treaty policy. Thus the weak-sister nation is forced into a position where it must either choose Germany, a totalitarian nation,

nation to break away from Germany's political orbit will be terrific.

But assuming that this theoretical economic trap has been sprung, then isn't it probable that Germany will bare a fang to gobble up the vacillating weak-sister republic? What then? Simple indeed, for in conjunction with Britain, the United States will threaten Germany with superior cannon and battleships. As a result Germany will desist, and willingly appear before an international tribunal where a basis for permanent world peace will be laid on the necks of the totalitarian nations by the victorious democracies. Thus the status quo will be preserved, and the have-not nations will have

been coerced into a secondary political and economic world position.

Such is the lofty scheme, and as one observer pointed out, a scheme touched with nobility. But even so, can we be assured that Hitler has lost his second sight, that Mussolini is dozing, that Hirohito is asleep in his garden? And are these alleged monsters affrighted more easily today than yesterday? Isn't it more probable



I'M MEASURIN' HIM FOR A NEW SUIT OF ARMOR

that the totalitarian nations will fight rather than submit to pressure, and fight more intelligently than they did in 1914? To assume that free trade is indispensable to these self-contained nations is to blink historical demonstrations of isolation. Of all nations the United States has shown the dispensability of free trade with its fine example of impregnable tariff barriers.

But of primary concern in the pursuit of this trapping expedition is the fact that in so doing the Administration reverses an historic American policy without first consulting the American people. As reported by the Institute of Public Opinion a majority of 75 per cent of our citizens are still in favor of minding their own business at home. Having rid the world of Kaiserism in 1918 to no avail they are not now interested in ridding the world of fascism. They will not bleed and die for abstract principles which in the tearful aftermath are discovered to have been but disguises for British or French defense of empire, to say nothing of a banker's profit. Nor are they sanguine concerning a new alliance with the old allies. The plutocratic incompetents now ruling Britain are past masters of betrayal, and the French plutocracy has never been without a price. And these facts, the poor

misguided American people knew long before Britain betrayed collective security in Ethiopia and in Manchuria.

The people demand the truth from their supposedly informed leaders. If there is, in reality, a yellow peril in the East, and again the threat of the Hun in the West, then by all means let us arm to fight. If no peril exists let us look to an unarmed peace.

## Wage Cuts to Poverty

THE majority of business men argue that prices cannot be cut without cutting wages. President Roosevelt argues that while it is necessary to cut prices, wages must at the same time be maintained. Which view is right?

The problem is a dual one: to maintain the demand for consumers' goods and to increase the demand for capital goods. If the former is decreased, the latter will depreciate even more rapidly. And since wages constitute the only genuine consumer buying power within the nation it seems illogical to curtail them in the hope such action will lead to prosperity.

Mass-production industries must accept, and adjust themselves to an expanding economy. To cite briefly an example: Steel cannot earn a profit operating at 25 per cent of capacity no matter how low the wage. Nor can it sell at prices high enough to balance the inefficiency of such curtailed production. However, operating at 80 per cent capacity steel could make money despite high wages and low prices. Overhead charges and fixed costs remain constant while labor costs vary inversely with the amount of output. And it is to this economic fact that Mr. Roosevelt refers when he says that mass-production industries should reduce prices without reducing wages. For he believes that to make price reductions dependent upon wage reductions will start again the deflationary spiral leading downward to economic disaster.

Unfortunately the success or failure of any given price and wage policy in an unplanned economy depends largely upon psychology. In the midst of falling prices business men can not bring themselves to buy more than a minimum. Nor can they, as individuals, bring themselves to support a falling material market for fear of being placed at a disadvantage by a less scrupulous competitor. In the

mass or alone they are, psychologically little more than sheep ignorant of the laws they blindly obey. However, there is one thing they must learn now: To cut wages will condemn the working class to an even greater misery than it has endured before. And that is a dangerous course of action.

## M. van Zeeland Issues a Report

FORMER Premier van Zeeland, whose report on international economic cooperation was published on January 28, provided the nations considering it with three political outlets: (1) they could shelve it as just another and somewhat academic report in a world of realities; (2) the democratic nations can put its recommendations into effect between themselves, excluding the totalitarian states; (3) the democratic nations can invite the fascist states to join in a world system—an invitation that will have to be backed by a cash handout.

These results are probably just about what the British Government, the chief instigator of the report, wanted.

Little fault can be found with the economic precepts contained in the report—the reduction of tariffs, the reestablishment of freer trading conditions, and so forth. There will, how-



THE SUN ALSO RISES

ever, be conflicts between the general idea of freer world trade through bilateral agreements, the various regional schemes now in force, and more particularly the nations pursuing the path of self-sufficiency.

But the main obstacle is a political one, and it is connected with the financial aspects of the report. M. van



Zeeland recommends the extension of the Tripartite Agreement between the United States, France, and Great Britain as an essential prerequisite of freer trade. And this is to be brought about by the reduction of foreign debts of, and extension of credit to, those nations which cannot afford to abandon exchange controls at this stage. That means Germany and Italy.

One section of opinion in England—the powerful pro-German group—would be willing to see these measures go through—although only with the attachment of certain political assurances. For this group, the van Zeeland report is a perfect camouflage for the continuance of the policy of buying off the fascists. More is apt to be heard of this proposal; but it is most unlikely that the United States will listen to the proposition.

There is another angle on this free exchange issue which may crop up in the future—namely, the French Left-wing demand for exchange control. A free-exchange system operating between Great Britain and France leaves available a potent lever on French policy which can be operated separately or jointly by the French Rightists (with their "Cagoulards" associations) and the English Rightists (dubbed the "Cagoulords"). For an attack on the French franc can do a Left-wing French Government immeasurable harm. In the meantime, however, with the temporary Chautemps Government (see *M. Chautemps Cries "Wolf"*) in power, the demand for exchange control has been nullified, and the English Government is free to do what it likes about the van Zeeland report—so far as France is concerned.

### Hitler Purges the Reichswehr

THE resignation of General von Blomberg, followed later by the retirement of General von Fritsch and the institution of Hitler himself as "Chief of National Defense" was due to much more than the fact that General von Blomberg had married the daughter of a carpenter and given up his career for love in the style of Edward VIII.

There have been deep-rooted differences between the older members of the German general staff and the Nazi regime. In the first place, there is a class difference; the Army "Old Guard" regarded Hitler and his gang as so many upstarts, of no social tra-

dition, who had to be tolerated because of their extremely successful demagogic powers. It was a question of taking them or leaving them, and many Army officers were obliged to accept the Nazis.

Then there was the question of religion. Shortly before the shake-up, the Army chiefs protested that Nazi neopaganism was destroying the morale of the ranks. It so happens that the most effective opposition to the Hitler regime has come from the Church;

Foreign Minister places the nominal responsibility for German foreign policy of the man who is nearest to the powerful English pro-German clique and who is supposed to be most adept at securing the English neutrality so essential to the success of any German move on the Continent. The second is the removal of Herr von Papen from his position as Minister to Austria; for von Papen's Catholic principles prevented him from taking any overt action against the



Glasgow Record

—AND THE VILLAIN STILL PURSUED HER

and the political intentions of the Army chiefs in raising this issue cannot be ignored as one reason for Hitler's desire to rid himself of them.

On questions of foreign policy, too, there have been conflicts between the Government and the General Staff. It is known that Generals von Fritsch and von Blomberg fought against German support of Mussolini's depredations in Ethiopia, while their opposition to German intervention in Spain was responsible for the limitation of that policy to the supplying of materials of war and some technicians, leaving the Italians to pour in the great proportion of foreign troops.

Events will answer the leading questions that arise. Were the Generals forced out because they opposed a new adventure in foreign policy contemplated by Hitler—either in Czechoslovakia or Austria? Two facts support this theory: The promotion of Herr von Ribbentrop to the post of

clerical-fascist Schuschnigg regime in that country.

Then again, how much support did the retired Generals command in the Reichswehr? Will the Army back Hitler, or has he weakened his position? And did he act to nip in the bud an Army coup? There are remarkable parallels between Hitler's purge and the execution of the Russian Army Generals. If the thesis is correct that the executed Soviet Army chiefs were planning with their German counterparts a simultaneous military coup d'état in both countries, then Hitler was just dealing with the German end of the conspiracy and further purges may be expected.

In the international sphere the shake-up will strengthen the anti-communist entente, which the retired Generals opposed; it may increase German intervention in Spain; above all, it will achieve what the Nazis love to do—keep the foreign chancelleries guessing.

*Significant Straws in the Winds that Blow from South America*

## LATIN-AMERICAN NOTES

**ANTI-SEMITISM:** Are Latin-Americans starting an anti-Semitic drive *à la* Nazi? In Mexico the Committee for the Defense of Mexican Merchants is carrying on a campaign against Jewish traders, and a short while ago the so-called Bloc of Revolutionary Action for Small Commerce in Congress tried to pass a bill that would have virtually driven Jews out of business in that country. In Costa Rica the establishment of a colony of Jewish refugees from Germany in the historical Tenorio estate aroused anti-Semitic objections. The local Nazi leader in that country—where there is a large and well-to-do German colony, many of whose members have intermarried with Costa Rican families—has admitted that Germans there have instructions from the Hitler government not to trade with Jews. In Brazil, Minister of Justice Campos and other advisers of Vargas' are drawing up a new immigration bill that will decide the fate of about 1000 Jews who seem to have entered that country on tourists' passports remaining there illegally. In Ecuador, Dictator Enriquez has decreed the expulsion of all Jews except those engaged in farming or industrial pursuits "advantageous to the nation."

This all sounds like the first Latin-American echoes of anti-Semitic persecution in Central Europe. The sporadic manifestations seem to be directed mainly against the new Jewish refugees who have settled in Latin America as a result of that persecution. Considering the size of the newly settled Jewish population in the territory, the measures undertaken against them only affect an insignificant proportion. The expulsion decreed by Ecuador's dictator, if carried out, will force a few hundred Jews out of that country. And the number of refugees who have emigrated to Latin America during the past few years may be estimated at between 25,000 and 30,000. The total Jewish population of Latin America probably represents three of four times that figure.

As a result of efforts made by the Jewish *Centralverein*, the Refugee Economic Corporation, and other organizations, following the Jewish exodus from Germany, about 20,000 went to Argentina, Brazil, Uruguay,

Paraguay, Chile, Bolivia, Peru, Ecuador, Colombia, Panama, and other countries. The largest contingent—more than 10,000—settled in Argentina, where they found an established and prosperous Jewish colony, probably the largest in Latin America, large enough indeed to have a Yiddish press. The remainder have moved unaided into Latin-American countries. A few German-Jewish scholars have found hospitality in Latin-American institutions of learning.

So far the agitation has been directed against Jewish traders. It is true that some of the Fascist propaganda fed to Latin-American newspapers has tried to promote racial prejudice, but it has had no response of any consequence. Jews in Latin America would face real danger if this agitation ever took a religious turn, for the Catholic Church is mistress in the territory and enjoys more power than any other institution. But the Church seems at peace with the Jews. Jews do not molest the Church in the least. In fact, there are quite a few Jews there who go to mass and do business with the hierarchy. In Argentina there is a wealthy Jewish family who financed the erection of a Catholic church.

A general anti-Semitic crusade in Latin America would really create an amusing situation. If all persons with any Semitic strain in their veins should ever be made to leave those countries, many thousands of Latin-Americans of Spanish and Portuguese descent would have to pack and go. For many of them come in straight line from the Semitic peoples—Moors or Saracens and Israelites—that have lived for centuries in Spain. It was not only Iberians and Celts and Romans and Teutons, but also Arabs and Jews, who entered into the racial make-up of the Spanish people.

Of course, many of those Latin-Americans do not suspect their Semitic parentage. They are *buenos cristianos*, and very devout Catholics at that. But in many cases you can detect the Semitic origin in their cast of features. The writer has even known Catholic priests of unmistakable Semitic lineage.

**FLYING SALESMEN:** From Rome to Buenos Aires in less than 36 hours!

The other day an Italian squadron of three planes, with Bruno Mussolini at the controls of one, landed at Campos dos Affonsos, Brazilian airport near Rio de Janeiro, after spanning the South Atlantic from Dakar, French West Africa. They had started from Rome the day before, and made the 6,000-mile flight to the Brazilian capital in 24 hours and 46 minutes.

But . . . can Italian bombers cover the same distance in identical time? The Fascist Government and the *Ala Littoria* did not undertake this experiment that Italian immigrants in South America may receive fresh their Christmas candied-fruit packages or that young South-American millionaires may go to Rome to sing the *Giovinetta*. Mussolini has brought to this hemisphere the same bluffing and bullying tactics he has been employing in Europe.

There is also a business angle. Brazil and Argentina have recently made heavy purchases of planes in the United States, and Italy has been fighting American competition there and elsewhere.

There is no power that during the last few decades has carried on a more noisy propaganda campaign in South America than Italy today, and the spectacular flight is part of the campaign. Imperial Italy's propaganda is often louder than the trumpets of Aida. True, all the gestures of Italian policy have a touch of tawdry grand opera. But, then, that thing works in South America where people seem to like to be dazzled.

Besides, Italy, for a number of reasons, has a claim to supremacy in the southern continent. Reason number one: it was an Italian who discovered America, and another Italian who gave his name to this hemisphere. Reason number two: South-Americans speak a neo-Latin language, and Italian is almost a national tongue in some sections, just as spaghetti is almost a national dish. (In parenthesis, we might add that Italy has also a claim to the United States or the greater part of it, inasmuch as English is about 60 per cent Latin, and Italian is spoken south of Washington Square.) Reason number three: there are about 14,000,000 people of Italian extraction, mixed



and unmixed, in South America. Reason number four: Italian economy is in deperate need of South-American foodstuffs and raw materials.

#### ARMS MERCHANTS IN CLOVER:

Just now the armament racketeers are holding the center of the stage in the South-American scene. A considerable part of South-American exportable products is being exchanged for warships, old and new, bombing planes, anti-aircraft guns, bomb throwers, armored cars, tanks, and the like.

Venezuela, the only country that had kept aloof from South-American military and naval races, has just been caught in the whirlpool of the present armament boom. With a tremendous oil wealth, no foreign debt, and a reserve fund of 100,000,000 bolivares (about \$32,000,000), it was ripe for the international gentry who seem to know the combination to every national treasury. It will be interesting to know how much of the one hundred million bolivares are left when the armament racketeers get through with Venezuela. Colombia had a similar experience a few years ago.

This time the job has been pulled by the Italian government, which has sold to Venezuela two old cruisers. The ships will be paid for partly in oil, and Mussolini plans to supply more naval and mercantile vessels to the Caracas government, also for oil. A few months ago the State Department proposed to offer the Latin-American republics old-age American destroyers practically free of charge. How is it that Venezuela turns to "buy" Italian ships? Secretary Hull virtually predicted last year what has happened in Venezuela, when, supporting the leasing of destroyers to Latin-American republics, he said that if the United States did not offer this aid to them, other governments would.

Mussolini is sending another mission to Colombia with a similar plan. The precise terms of the Venezuelan transaction are not yet known, but one thing seems certain: that the deal will permit Italy to tap the great petroliferous field of northern South America. Last year Colombia signed an agreement with Germany providing for the supply of petroleum, among other products, to Germany, and opening to Germany the door for oil investments in that country. Walter Hockmann, President of the Hamburg-America Line, recently paid a visit to President Lopez Contreras at Caracas and discussed trade and shipping with the Venezuelan ruler. As American and

British interests control the field, some people have been wondering whether there has also been a deal between the fascist powers and Standard, Royal Dutch-Shell, and Gulf Oil.

The Chilean government has decided to buy two modern cruisers and, it is believed, it will spend about \$25,000,000 in the purchase. This is the first item in a ten-year naval and military armament program which



Selecta

U. S. Marine, Cuban view.

Santiago expects to finance in large measure through exchange profits drawn from the difference between the official and free exchange rates when the government disposes of foreign currency drafts obtainable from the nitrate and copper industries. The left wing in the Chamber of Deputies made an unsuccessful attempt to block the measure, apparently on technical grounds, and without objecting to the armament program itself. The Chilean opposition has missed the real, the larger, issue in this matter.

Italian, British, German, French and Danish naval constructors have submitted bids for the two cruisers. In order "to eliminate suspicion," the government is going to make the bids public. But, don't Chilean legislators know that armament makers are past masters in the art of "fixing" bids? A few years ago, Vickers and Electric Boat ostensibly bid against each other—we believe it was also in Chile—but they had a secret understanding that the company that secured the contract would pay a royalty to the one that did not.

Going ahead with the execution of the Brazilian naval program, Dictator Vargas has ordered the construction of six more destroyers in British yards. It had been expected that three of these vessels would be constructed in the United States, but it develops that American bids have been "considerably higher." At any rate, the new American naval program probably is all American constructors can handle.

However, two American concerns, the General Electric and Babcock & Wilcox, have been awarded by Brazil contracts aggregating \$5,500,000 for the supply of electric equipment and boilers for the three destroyers that are being built in Brazilian yards.

Following the signing of large contracts secured by Krupp in Argentina, the head of Argentine military aviation, General Verdaguer, at General Goering's invitation, is at this writing visiting Germany and studying German military aircraft industry with a view to further purchases.

**A PLOT AGAINST VARGAS?** There is one question that news dispatches from Brazil and comments on Vargas' new regime have not answered. How strong are Vargas' political enemies? And what has become of them?

We have been very confidentially informed that some of them are at present in New York trying to interest American speculators in a revolution to overthrow Vargas. The speculators have been asked to invest in some sort of democracy futures. (This new commodity has something to do with coffee futures.)

The alleged conspirators claim that the coffee coup which preceded Vargas' fascist flotation has not given coffee speculators a square deal, and that Vargas has pegged democracy. They feel it is high time for a boom in democracy values. The speculators are said to be reluctant as yet, fearing that the Brazilian conspirators offering a new deal in democracy and coffee are really selling short.

The whole thing may be a fabrication, but there is a precedent in recent years. The Paulistan revolution against the central government of Vargas in 1932 was partly financed by a "loan" made by American and European coffee interests, including Amsinck, Sonne & Co. of New York, Lazard Freres of Paris, and Grace Brothers of London, to the revolutionists, and the revolutionary funds—\$1,115,000—were deposited by those concerns in the Guaranty Trust Company for the purchase of munitions.

# UNCLE SAM'S HOUSING WORRIES

*The Federal Housing Administration is making progress in giving meaning to the word "home"*

By NATHAN STRAUS

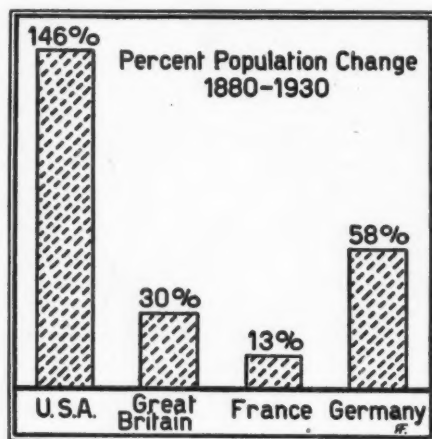
THERE is a housing problem in the United States. The problem has been stated so many times and in so many forms that its fundamental simplicity is frequently obscured. Reduced to its simplest terms it may be stated thus: there is not enough decent and new housing being built. The reason for this deficiency is that decent and new housing is too expensive for those who should and would live in it.

A number of factors, presently to be examined, have made it difficult, if not impossible, to supply adequate homes at much less than \$3500. (This figure and all subsequent computations apply to urban and rural non-farm housing. So little is known statistically about rural farm dwellings that it is virtually impossible to make valid generalizations.) It is a generally accepted rule that the cost of fixed and operating charges on housing amounts annually to 10 per cent of the initial cost. Thus the man who owns a \$3500 home pays out about \$350 a year on his mortgage, taxes, and repairs. If he rents a \$3500 home he usually pays more than this, for the landlord wants some profit on his investment. Let us assume, for the sake of round figures, an average of \$360 per year, or \$30 per month. To occupy such a home, either as owner or renter, a man should have an income of about five times the rent, or \$1800. An old-fashioned rule of thumb says that one month's rent should be equal to one week's pay. But within the past generation the cost of living has risen faster than wages, particularly for those in the lowest income groups, so that a wage earner, to maintain a proper budget, seldom should pay much more than one fifth of his income for rent.

Assuming the figure of \$1800 as the minimum income for which private enterprise has recently been able to provide decent, new housing, we should know the limit of the market. How many non-farm families have incomes in excess of \$1800?

The Brookings Institution in its notable report *America's Capacity to*

*Consume* states that, in 1929, the year of our greatest prosperity, only 46.6 per cent of the non-farm families had incomes of \$2000 or more and that 65.5 per cent had incomes of \$1500 or more. If, in order to determine how many families had \$1800 or more, we split the difference between these percentages we arrive at 56 per cent, which probably errs on the conserva-



tive side. The Brookings Institution estimates the number of non-farm families in the United States in 1929 at 21,674,000. Thus, the total number of such families who could afford to inhabit new, decent housing would amount to about 12,127,000.

But homes have not the transient use of, for instance, automobiles. Only a small percentage of these families would normally be prospective customers for new housing. Based on records of the Bureau of Labor Statistics, the National Bureau of Economic Research estimates that, in 1929, only 509,000 new dwelling units were built in non-farm areas.\* Only about one in 24 families in the income group able to pay for new housing actually demanded new housing.

Were these families in the lower brackets of the income groups able to afford new housing? Apparently they were not. Four fifths of these dwellings were built in 257 cities covered

\*By 1929, the building industry had suffered a severe recession from its peak in 1925, when 937,000 dwelling units were estimated to have been built in non-farm areas.

by reports of the Bureau of Labor Statistics, and their cost is known. The average cost of construction in these cities was \$5900 per dwelling. This figure does not include contractor's profit, land, utilities, nor speculative profits where such occurred. By the time these costs are added to the base figure, the ultimate cost of the home would be at least \$7000 and probably more.

Assuming a total cost of \$7000, we may soon learn for whom the average home was built in 1929. By the method of figuring previously used, we may assume annual carrying charges of \$700. The annual income necessary to afford such charges would be \$3500. And in 1929, only 19.4 per cent of non-farm families had incomes of more than \$3500.

What this meant, in essence, was that only 4,206,000 non-farm families were "in the market" for the 1929 home. It meant substantially that the only hope of 17,468,000 families in the non-farm areas to obtain decent housing was in acquiring housing built for the upper 4,206,000 families after it had become depreciated by age or obsolescence.

Thus we see a billion-dollar industry, in which millions of workers try to make a living, offering its product at prices which only the thousands in the "carriage trade" can afford.

There is, then, a clearly marked line between the "haves," those who can afford to inhabit new housing, and the "have nots," those for whom private enterprise is unable to provide new housing. In 1929, not much more than one half the non-farm families could be listed as "haves," those who could afford decent, new housing.

Now second-hand housing is not necessarily bad housing merely because it is not new. How good is the housing in our non-farm communities? The Department of Commerce, in its Real Property Inventories of 1934, examined over 2,000,000 dwelling units in 64 selected and representative cities. It found that one out of six dwellings either needed major repairs or was



unfit for habitation; one out of seven had no private indoor toilet; one out of six was overcrowded; one out of five had no bathing facilities. These deficiencies are listed without regard for the price range in which they may exist.

Let us shorten the focus to examine the condition of housing in the price ranges of those who can not afford new housing. The Civil Works Administration made a survey of housing conditions in the city of Washington, which for the past four years has had more new construction than most American cities. This survey showed that in 1934 among 20,000 dwelling units renting for \$30 per month or less, 28 per cent were, by any reasonable standard, uninhabitable. Nearly half of this 20,000 possessed no private toilet facilities, and one out of six had no water supply within the dwelling unit. Three out of four of the dwelling units in this price range were heated only by stoves, and nearly half had only oil lamps for illumination. More than one out of three were more than 50 years old.

It is possible that low-cost housing in newer, Western cities would not now present such a sorry picture, but if current methods of providing housing are not radically changed it is only a question of time before identical conditions will be found in every city.

The effect of existing methods has been to pile up a tremendous housing shortage for those in the lower income groups. The depression has piled up a shortage of housing for those in the income groups which builders have normally served. Obsolescence, depreciation, and demolition have piled up shortages without respect to income groups. The sum of these shortages, according to the National Housing Committee,\* stated in its recent report *The Housing Market*, is 2,000,000 dwelling units needed merely to maintain the standards of 1930.

The National Housing Committee estimates that elimination of the existing shortage and provision for current needs will require the construction of 1,500,000 dwelling units annually in non-farm areas within the next two years.

The Committee considers that 89 per cent or 1,335,000 dwellings annually should be built to house income groups capable of paying \$30 per month or less in rent or equivalent.

\*The National Housing Committee is a non-governmental and non-profit corporation with headquarters in the Tower Building, Washington, D. C. Its educational activities are directed toward stimulating interest in housing.

There is the need. The problem is: how can an industry, whose cheapest satisfactory product has hitherto been available only to the top limit of this market, reach the whole market effectively?

### *Causes of Past Failures*

Before we consider how this may be done, it is necessary to examine some

The first and most important reason for the high cost of housing is the risk involved. Risk is caused by two fundamental factors, change and economic insecurity.

Because of industrial expansion, the growth of urban places in the United States has for 50 years been meteoric. Thus, few plans were made to control either direction or size of that growth



*Parlor, bedroom, and sink, in the best style of the slums.*

of the causes for previous failure to reach this market. This failure may be stated in terms of the high cost of housing or in terms of the low incomes of those who need houses. To make the distinction between these two explanations more than mere phraseology, we need to restate the problem thus: Reducing the cost of housing involves the organization of the building industry—it is a problem of financial and construction techniques. The solution of that problem alone will no more solve the housing situation than the mass production of food and clothing has removed hunger and exposure. There still remains the more general problem of raising the purchasing power of those who need housing, which is an economic problem involving the distribution of our national income. Subsidized housing, for example, is addressed largely to this second problem, though, if well directed, it should assist in the solution of the technical problem as well.

Let us examine, first, how we may improve the techniques of the housing industry, how we may reduce costs.

and such as were made were quickly brushed aside by impetuous riders of the boom. The effective result has been that no man could build a home either for his own use or for profit with any assurance that in ten or fifteen years the value of that home would not be wiped out by forces which neither he nor anyone else could seem to control.

Because reputable lending agencies so frequently suffered crippling losses caused by the growth and change of cities, they refused to make mortgages on more than 60 per cent of the cost of homes. They limited the periods of amortization of their loans to 10 years and they maintained high interest rates. As they achieved some measure of security for their own loans, they increased both the cost of housing and the risk of the builder. For he was obliged to obtain the rest of the necessary financing of his operations in the second mortgage market. The price he paid for this money was largely a gambler's commission.

The unfortunate ramifications of risk have extended far beyond the cost

of housing money. The home building industry has consisted largely of small operators who have worked on guesswork and rule of thumb, because of lack of the resources necessary for comprehensive, factual analysis of the market.

Risk has also affected the men who do the actual building of homes. Because the business has been periodic, employment for building trades workers has been uncertain. The masons and plumbers have never known whether they would have 200 days of work or no work in the ensuing year. Small wonder then, that, through their unions, they should have pressed for a high hourly wage in order to make a living.\* The high labor cost of building per room built has been a symptom of an unstable industry rather than an occasion for moral disapprobation.

Finally, risk has affected the cost of materials. It is obvious that, if housing is built only on a retail basis, bathtubs and windows must be sold on a retail basis. And if material supply companies are to make any profit, the slow turnover of merchandise must be reflected in higher prices.

Thus we can trace back to the growth and change of our urban communities a long chain of evils which have made housing cost too much. The evils in each link of that chain have often been developed beyond any necessity caused by connection with any other link. For instance, in finance, interest rates have often been raised beyond the point necessary to justify the risk assumed by lending agencies, to the limit of "all the traffic would bear." Or, in the belief that buyers may default, the selling prices of homes have been raised high enough to pay off all costs incurred by the builders in five years instead of ten.

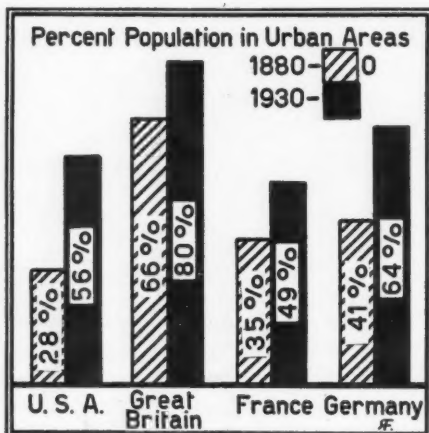
These are the elements which have made the construction of housing so expensive for the "haves" and have made the use of new, decent housing impossible for the "have nots."

But housing includes more than the cost of building construction and profits. It includes land, services, and taxes. Oddly enough, the price of land in this country which has so much land, is based on the concept of scarcity. Speculative values rather than earning power determine the price. The more land is used, the greater the price. Thus, any reduction achieved in the cost of construction tends to

\*In many parts of the country, weather conditions are such as to interrupt building activity in winter months or during rainy seasons. This is an example of risk even more difficult to control than those created by man.

force a rise in land prices that wipes out potential savings in the cost of housing.

Utility services in the aggregate are more expensive today than they were a generation ago, simply because we demand more services than our forebears did. Hot water 24 hours a day, gas cooking ranges, electric refrigerators, and heating systems "stoked" by a mechanical fireman are considered as standard equipment in practically all new housing. These utilities constitute



a large factor in the high cost of home-building.

Likewise, with taxes, it is not a question of the efficiency of government. Even under the finest type of public officials we still would have to pay higher taxes than our ancestors because we demand paved roads and parks and pure water supplies and other services which are considered essential parts of our modern life. Yet they all must be paid for out of government budgets.

#### Europe's Experience

It is frequently said that the United States is a generation behind the European countries with respect to its attitude toward housing. Probably an exaggerated generalization, it still merits examination. Before making any comparisons with European housing practice, one must know something of population increases, stability and density in European countries.

The charts on these pages give some clue to the essential differences in population trends in various countries:

From them certain facts are apparent:

(1) Major European countries in the past fifty years have had a slower growth of population. Some of this is undoubtedly due to both direct and indirect losses from the World War (loss of men as individuals and as potential fathers). Yet, even before the

War the rate of population increase was smaller than that of the United States.

(2) These countries are more highly urbanized than the United States and their period of urbanization not only came earlier but was more gradual than ours.

(3) Population in these countries is more stable both in size and with respect to shifts in location. The rate of growth of some French and German cities approaches that of the older American cities, but for the countries as a whole, this statement holds true.

It is not unlikely that the application of measures to insure orderly development of communities is due to longer experience with the problems of urbanization. For nearly two generations municipal authorities in European countries, particularly those on the northern part of the Continent, have pursued an active and realistic policy of land use control. As a consequence, the risk which has done so much to hinder sound development of our communities has been greatly reduced in Europe.

Control of land use meant that cheap money could be offered safely. Cheap money meant the ruling out of speculative profits in the effort to house low-income groups. This tended to give the construction of housing for low-income groups the status of a quasi-public utility. Therein lies the essential difference between European and American housing methods.

The concept of housing as a public utility designed to meet consumers' needs has led to the formation of huge building companies in most European countries. Because their programs were aimed to meet an almost infinite need, these large building companies could order and use materials on a wholesale basis, which in its turn tended to reduce the cost of housing. Because employment was steadier, labor costs did not include premiums for insurance against certain and recurring unemployment.

In European experience we have evidence that housing need not be a risky operation. Millions of European families now enjoy an environment available in this country only to the wealthy. We have evidence that the application of measures already proven successful abroad could open the market of the middle and lower income groups in this country.

What is now being done to house families below the \$4500 income group, which, we learned, was the average



catered to by the building industry in 1929?

The programs now under way must be classified into two broad categories: (1) housing for those whose incomes make them prospects for private enterprise; (2) housing for those whom private enterprise is unable to reach.

### *Housing by Private Enterprise*

Within the past five years two Government agencies, the Federal Home Loan Bank Board and the Federal Housing Administration, have been set up to aid private housing enterprise.

The Federal Home Loan Bank Board, under which is grouped a number of subsidiary corporations, deals mostly with the credit structure of housing for home owners. Through its Home Owners' Loan Corporation, over one million home owners were saved from foreclosure in the years 1933-36. Through its Federal Home Loan Bank System it provides the same service to savings and loan associations, savings banks, and insurance companies as the Federal Reserve System does for commercial banks. Over 3600 such institutions with assets of \$3,250,000,000 now depend on this system to provide fluid and safe credit for prospective home builders. Further to facilitate the provision of credit, it has organized 1165 of such associations with total assets of more than \$500,000,000.

Thus, the fundamental and indispensable tool to fashion housing for those able to own their own homes is made available.

The Federal Housing Administration offers to private enterprise an apparently inconsequential aid, the insurance of mortgages. It does not lend money, it does not build housing. Yet, the Federal Housing Administration has already exerted a profound influence on building practice in this country, and that influence is ever increasing.

In any insurance system, the rates and availability of insurance are based on the risks involved. The Federal Housing Administration stands ready to protect lending agencies against loss of their investments in housing, provided that housing is built in proper surroundings according to approved standards. The Federal Housing Administration uses the inducement of its insurance to eliminate, insofar as possible, the risk of building operations. Housing on which the Federal Housing Administration will insure mortgages is of two types: the small unit such as one to four family houses, and the large scale project.

Hitherto the Federal Housing Administration has been permitted to insure first mortgages paying no more than 5 per cent interest and running no more than 20 years. Such mortgages could amount to 80 per cent of the Federal Housing Administration valuation of any given property and improvements.

The amount of any insured mortgage on small properties is limited to \$16,000, and rents on large scale proj-



*Solitude and the slums.*

ects have been subject to approval by the Federal Housing Administration. To date the amount of premium-paying mortgages is \$835,000,000, of which over \$400,000,000 covers newly constructed homes.

By the time this article is published, Congress may have passed amendments to the Act which created the Federal Housing Administration, designed to enable private enterprise to reach even lower income groups and consequently a larger market. These amendments would increase the amount of insurable mortgages to 90 per cent of the total value of homes in the lower price ranges and reduce the over-all financing charges (interest, insurance, and service charge) by one per cent. Protected by the admirable standards it has established as a prerequisite to insurance, the Federal Housing Administration should be able to carry what would ordinarily be regarded as a dangerous financial risk at the same time as it opens a new market to the builder.

Already the Federal Housing Administration has aided private enterprise to house decently families on a

lower income level than those hitherto housed decently by private enterprise. But neither the present law nor the proposed amendments offer any prospect for the millions of families with incomes below, let us say, \$1200 per year.

### *Housing by Public Enterprise*

When we discuss housing for really low-income groups, the shift is necessary from emphasis upon reducing costs to a dual emphasis upon reducing costs and raising incomes. No foreseeable improvement in techniques, for example, will bring decent new housing to the family with an income of less than \$1000 per year. The family income must go up, and, while part of the effort to raise income is outside the housers' field, part of it is within the housers' field because public housing raises the real income of low-income groups by means of subsidy. We use this method of raising incomes in our public schools, hospitals, and parks, and European countries have recognized it as an integral part of their housing efforts.

Until 1933, the only efforts made in the United States to house families whose incomes were below the level which unaided private enterprise could serve, were those of New York State, which, in 1926, enacted legislation offering partial tax exemption on large scale projects constructed by corporations that agreed to limit dividends and submit to the regulation of a State Housing Board. In 11 years, 11 such projects were built in New York City. Their principal virtue has been a demonstration of the value of community planning technique, and their influence on subsequent large-scale housing projects has been considerable. They housed in first-class dwellings an economic class which probably could afford new housing, but only the most shoddy type. The partial tax exemption offered was insufficient to make these dwellings available to families who could not afford new housing of any kind.

In 1933, the present Administration attacked the problem of housing the lower income groups on a number of fronts.

Believing that a movement back to the land would solve many urban problems, one group of economists favored a program of "subsistence homesteads." They saw millions of urban workers displaced by technological advances. They saw other workers drawn to "one-industry" towns who had been stranded

when these industries collapsed or moved to other areas. They saw farmers who had been ruined by drought, soil erosion, floods, or insects. Consequently, communities were planned in rural areas near sources of part-time employment where the prospective homesteaders could have a house and an acre of land to raise foodstuffs.

The ramifications of such a program extended so far beyond the limits of housing *per se* as inevitably to compromise its chances for success. For instance, the wisdom of a return to the land being granted, the question arose: would city dwellers wish to give up the attractions of the city for the promised security of the rural life? These and many other no less knotty problems so plagued the planning authorities that, after completing their original program of about 100 small communities, the subsistence homestead type of housing was abandoned.

Greater emphasis has been placed on re-housing the urban workers in or near urban centers. Two agencies, the Resettlement Administration and the Public Works Administration, undertook this work.

The Resettlement Administration has built three large "greenbelt" communities within the metropolitan areas of Washington, Cincinnati, and Milwaukee. Complete satellite towns with municipal services, schools, shops, and theatres, these projects are already exerting an influence on community planning out of all proportion to their size. They provide at present an almost ideal environment for about 3000 families and are planned to grow ultimately to perhaps three times their present size. They illustrate the best principles of English Garden City planning adapted to American conditions.

The Public Works Administration through its Housing Division built 58 projects with a total of 24,855 dwelling units. Essentially of one physical pattern, these projects are grouped in two distinct categories created by their financial set-up.

Seven were built by private limited-dividend corporations financed by loans from the Public Works Administration. These loans bear 4 per cent interest, are made on 85 to 88 per cent of the cost of each project, and are to be amortized in 35 years. There is no outright subsidy from the Federal Government for these projects. They demonstrated three important facts: (1) A mixture of private and public enterprise can produce excellent housing at reasonable prices and a fair profit for

families with annual incomes of not less than \$1500; but such families comprised only two-thirds of our population even in 1929. (2) Few private builders as yet seem interested in this type of housing. (3) If the lowest income groups are to have decent, new housing, there can be no profit, and the housing must therefore be constructed by some governmental agency with a substantial subsidy.

The remaining 51 projects of the Public Works Administration were financed in whole by the Federal Government, and 45 per cent of their cost has been written off as a capital subsidy. They house families with annual incomes ranging from \$700 in the South to \$2200 for large families in northern cities where the cost of living is highest. Twenty-six of these projects were built on sites cleared of slum dwellings. They range in size from Williamsburg Houses in New York with 1622 dwelling units to Highland Homes, Wayne, Pennsylvania, with 50 dwelling units. The units themselves range from 2 to 6 rooms. Fully equipped kitchens, baths, and living rooms are standard. Most of the units have cross-ventilation, and every project is designed with plenty of open area for recreation and low buildings oriented to catch sunlight or prevailing breezes.

The Public Works Administration program was seriously handicapped, first, by the fact that it pursued an uncharted course and policies were, of necessity, extemporized in the midst of frenzied activity; second, by the fact that housing needs continually were subordinated to those of unemployment relief; and third, by lack of public understanding of the philosophy of public housing.

### The 1937 Housing Act

In the four years since this limited program of demonstration was launched public understanding and acceptance of the need for subsidized housing have grown tremendously. Thirty States have enacted legislation permitting local public housing agencies to finance, construct, operate, and subsidize housing projects designed to re-house slum dwellers. Although the enactment of such legislation is an indication of the widespread growth of public approval, it would be useless, because of the financial condition of most local governments, were it not for the aid provided by the Federal Government.

On September 1, the President

signed the United States Housing Act of 1937. The reward of a long uphill fight led by Senator Robert F. Wagner of New York, this Act was three years in the making. Hundreds of interested witnesses, representing business, labor, the Church, public officials, technicians, and social workers, submitted evidence to Congressional committees over a two-year period from 1935 to 1937. The evidence was conclusive that no proper housing for the lowest income groups was possible without continued and substantial government aid. The evidence was also conclusive that America could not be well if one-third of her people were housed in disease and misery. The only verdict possible on the evidence was a long-term program of public housing.

The United States Housing Act of 1937 created the **United States Housing Authority**, an autonomous corporation of perpetual duration in the Interior Department. The Authority will lend money and technical assistance to local public housing agencies for the construction of low-rent housing projects and will join these agencies in providing the subsidy necessary to bring these projects within the means of slum dwellers.

The sum of \$500,000,000 is made available for loans in the three years, 1937-40. Not more than 10 per cent may be allotted to each State and not more than 90 per cent of the capital cost may be lent on any project. Loans must be repaid in full with interest not below cost of money to the government plus one-half per cent over a period not to exceed 60 years.

Two types of subsidy are offered. One, the capital grant, is similar to that provided by the Public Works Administration. The other, a system of annual contributions, seems likely to be more popular and more workable, and it is therefore described in some detail.

The rent per room in a proposed project necessary to pay all operating costs and also to repay the Federal loan with interest is determined. Next, the rent which slum dwellers in the given city can afford is determined. Let us assume for the moment that the first, or "economic," rent is \$9 per room per month, and that the latter, or "social," rent is \$5 per room per month. If slum dwellers are to be housed in this proposed project, the United States Housing Authority and the local housing agency must make up the difference between these rents, or \$4 per room per month. According to the Housing Act, the local agency



must supply contributions equal to at least one dollar for every five dollars supplied by the United States Housing Authority. In this example, the minimum local contribution would be \$.67 per room, per month, and the maximum Federal contribution would be \$3.33 per room, per month.

It is estimated that under this method of annual contributions, the total cost to the Federal Government of the \$500,000,000 program, which should provide more than 100,000 dwellings, will not exceed \$18,000,000 annually. In no case can this annual cost exceed a minimum amount necessary to achieve rents within the means of slum dwellers. The annual subsidy is thus an annual contribution by the taxpayers to good housing similar to the annual contributions for good schools or good roads.

These are, in brief, the mechanics of the Housing Act. Among its many provisions, one more merits mention here. Construction costs are limited to \$1000 per room and \$4000 per dwelling in most cities and to \$1250 per room and \$5000 per dwelling in cities with population in excess of 500,000.

In the United States Housing Act of 1937, the Congress has at last recognized a responsibility of government to provide decent housing for those who can not obtain it through traditional channels. To some this concept still seems radical. Yet, we drive our children on roads built at public expense to schools built and operated at public expense, and, after school hours, they play in parks operated at public expense. Most of us would readily grant that the quality of a home has a far greater influence on general welfare than the quality of roads or parks and is hardly secondary even to education. If one purpose of government

is to promote public welfare, it is difficult to withstand the argument that government cannot ignore the need for a basically proper environment. Without this environment, every effort to improve educational, cultural, and recreational opportunities is necessarily compromised at the start.

I personally believe that the very slight remaining opposition to public housing is founded in its novelty in this country. I believe that, as with public schools, when the newness and strangeness of the concept has been weathered by familiarity, we shall accept it as one of the most natural and necessary of our public functions.

The foregoing pages have sketched the outlines of the American housing problem and some of the tools developed to produce a solution. The picture would not be complete, however, without some forecast of the product which these tools may fashion.

There are natural forces now moving that should tend to facilitate the work somewhat. Most statisticians agree that population growth in this country is decelerating and that we may see within our time many communities with a nearly stable population. A stable population will tend to eliminate the extraordinary risks of building.

Gradually we are adopting European methods of operating on a large scale. This should lead to better and cheaper housing.

In general, the above changes will tend to improve the housing of all economic classes.

In strictly rural areas (as distinguished from towns and small cities which are on all fours with larger cities in benefiting by all aspects of the government's housing program), I believe, the class which can pay an "economic" rent (either in the form

of purchase payments or rent) will benefit in much the same manner and degree as the same class in urban communities. The strictly rural group which can not pay an "economic" rent, "dust bowl" farmers, sharecroppers, etc., present the most difficult of all housing problems. Only the rim of this problem has been touched.

The problem of housing those families with annual incomes of, say, \$1500 or more is largely one of improving the technique of production and distribution. The problem of housing families without income is beyond the scope of the work contemplated in the United States Housing Authority Act.

Between these two extremes, there is that huge group of urban workers who have hitherto been forced to live in slums or blighted areas. Many of them will be given an opportunity, by the housing program now launched, of living in a decent home. Within the next five years, about 150,000 of these families should have reached that goal, thanks to the Resettlement Administration, the Public Works Administration, and the United States Housing Authority. A tiny percentage of those who need good housing most, that number may grow to respectable size as those still compelled to live in squalor perceive the benefits of what they now can obtain. The United States Housing Authority will reach the level of millions of such families. The scope of its future achievements will be determined in large measure by the needs and the demands of the one-third of our population which is ill-housed.

This country's housing problem will not be solved wholly until its economic problems are solved, for housing is but one of many industries whose well-being is indispensable to the wealth and health of the nation.



The nation's largest slum clearance project—Williamsburg Houses, a city within a city, in Brooklyn, New York.

# M. CHAUTEMPS CRIES "WOLF"

By ALEXANDER WERTH

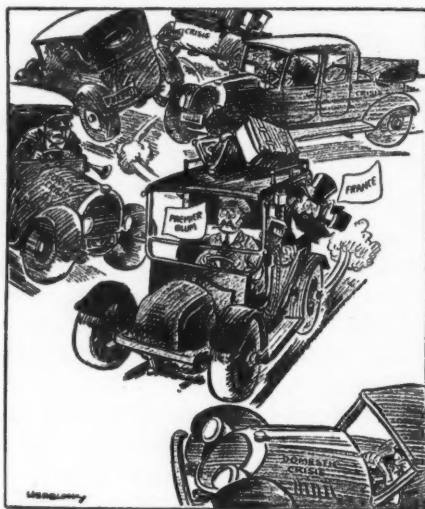
IN THE beautiful reception room of the Hotel Matignon, with its Louis-Seize furniture and its Gobelin Tapestries—it used to be the Austro-Hungarian Embassy and is now the Premier's official residence—Premier Chautemps, on the night of January 18, informed the press that he had formed a new Cabinet. "I have succeeded in solving a difficult and delicate crisis," he said. His face was tired and yellow, and he had a slightly guilty look in his eyes.

A few minutes earlier, ex-Finance Minister and now Minister of State Georges Bonnet was seen leaving the Premier's office in a state of bliss. Two days earlier it looked as though his career had been smashed, a victim to his own indiscreet ambition; and that he would never perhaps be Minister again—or even Ambassador. And here he was again, well in the saddle, *Ministre d'Etat* for economic and financial affairs, a person almost as important as the Premier himself. "A difficult and delicate crisis," M. Chautemps repeated. Was it not rather the most futile and most unnecessary crisis, and one which M. Chautemps himself had brought upon France?

For he himself had killed with his own hands his last government—the so-called Second Popular Front Government which, last June, had succeeded the Blum Government after its overthrow by the Senate. It had been in office for over six months. The key positions—the Premiership and the Ministry of Finance—were occupied by Radicals, M. Chautemps and M. Bonnet; but M. Blum was Vice-Premier, and at least one important post, the Ministry of the Interior, was in the hands of a Socialist, M. Dormoy—a fact which, as we shall see, played an important part in precipitating the government crisis of January 13.

The record of this second Popular Front Government à *direction radicale* was not outstanding. True, the Socialists had helped to bring about the virtual nationalization of the railways; but otherwise the "pause" in the ap-

plication of the Popular Front program continued to be the Government's watchword. No more reforms for the present. Which, to M. Bonnet, meant that there would be no reforms if he could help it. He was there to defend "liberal finance," the Tripartite Agreement, and the franc; and whenever the Socialists got restive, he would wave the Tripartite Agreement at them and



IN PARIS IT'S AN ART.

say that if they did not behave, France would lose the friendship of England and the United States.

Léon Blum, who, for all his Socialism, values nothing higher than England's friendship, and to whom the grave international situation is the first consideration of all, always allowed himself to be impressed by Bonnet's arguments. Time after time, Bonnet would bully the Government into an "unanimous affirmation of the policy of monetary freedom."

The Socialist backbenchers at the Chamber began to grumble against this submission; and in the Budget debate in December a number of them showed that they were not necessarily averse to exchange control—a policy which had already been advocated for some time past by the C. G. T., the trade union federation, which did not believe that any progress could be

made with "the peaceful social revolution of June 1936" so long as the currency was, as they put it, at the mercy of high finance. "Monetary freedom," they felt, was a weapon of enslavement. But actually these arguments against "monetary freedom" were, as M. Sérol, the Socialist Deputy, said on January 13, "of a doctrinal nature," and he denied that anybody had ever intended to interfere in practice with M. Bonnet's financial policy. It is true, nevertheless, that if there was a certain feeling against this policy, it was because it had failed to increase prosperity. The cost of living was going up, and there was much discontent among the working class—both political and economic.

Still, at the beginning of January there was nothing to create a financial or a political crisis. M. Bonnet himself had never missed an opportunity to praise to the skies his financial management; in the picture papers and in the movies we were shown how big cases of gold were arriving at Cherbourg; and Bonnet claimed that the position of the Treasury, with seven billions in hand, had never been so good as at the beginning of the financial year.

True, there were some particularly serious strikes which had broken out in the second half of December: the sit-down strike at the Goodrich tire works at Colombes, the strike in the commercial transport of Paris (which had to be checked by using army trucks), and on December 29 the unjustified one-day strike in the Paris public services. But this serious strike was immediately settled; and by the first week in January, the outlook was very much better again. No doubt, the strikes had shown that the labor legislation of 1936-37 was not working smoothly; that the compulsory arbitration law was being consistently violated—chiefly by the employers who (as Chautemps himself admitted in his speech at the Chamber on December 31) had been guilty, in 43 cases out of 53, of ignoring the arbitral award. Many employers were also



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victimizing, dismissing, and generally discriminating against C. G. T. labour, and particularly against the trade union representatives in their employment; and there was also the thorny problem of the sit-down strikes.

Something had to be done to oil the labor machine. Chautemps conceived on January 7 the excellent idea of calling a round-table conference at



*Times-Wide World*

Premier Chautemps, who, with his ambitious Finance Minister . . .

the Hotel Matignon between the qualified representatives of labour and capital—the latter including not only the big employers of the C. G. P. F. but also the smaller manufacturers who had been excluded from the famous Matignon conference of June, 1936. Invitations were sent out. The C. G. T. and the small employers promptly accepted the invitation unconditionally; the big employers said that they would come only if no "structural reforms" were to be discussed.

#### Plans for Labor Peace

What Chautemps was proposing was this: he had drafted a new "labor code" (1) regulating to some extent the enlistment and dismissal of labor, so that victimization should be reduced to a minimum; (2) "democratizing" strikes by making them legal only after the majority of the workers had agreed to the strike on a secret ballot—this was calculated to take the strike weapon out of the hands of professional agitators and irresponsible trade union officials; (3) "neutralizing" the works where a strike had broken out, so as to prevent the use of strikebreakers—this was intended to put an end to sit-down strikes, and (4) providing a "sanctions clause" for the non-application of arbitral awards, and simplifying and

shortening the procedure of compulsory arbitration.

These were important reforms which, if accepted, would certainly have greatly created more orderly relations between capital and labor. Only, since Big Business regarded these reforms as an infringement of the "sacred rights of property" and of the boss's complete freedom in choosing his own labor, they did not like them. The reason why Chautemps was anxious that capital and labor should give their preliminary approval to these before he put them before Parliament was his belief that, without such an approval, his "labor code" might meet with insuperable opposition from the ultra-conservative Senate. Aware of the Senate's sympathy, the big employers decided to boycott the Matignon Conference.

And then, like a bolt from the blue, there coincided with this boycott a sudden offensive against the franc. Between January 10 and 12 the Exchange Equalization Fund lost something like \$75,000,000 of foreign exchange, and on January 13 an emergency cabinet meeting was called, at which Bonnet again bullied the Government into an "unanimous reaffirmation of the policy of monetary freedom." He threatened to resign, and also obliged the Government to go immediately before the Chamber and ask it for a formal endorsement of the Government's declaration. The financial paper, *L'Information*, controlled by a banking group working in close cooperation with M. Bonnet, said that if this "rather exceptional" pressure on the franc continued, not another sou would, before long, be left in the Equalization Fund. The maneuver was clear. And in the afternoon, Chautemps, looking like a man working under some invisible pressure, continued this strange work at the Chamber. To the bewildered Left majority he made a speech in which he accused the working class of all that had happened, and failed to say one word against the boycott by the big employers of his industrial "peace conference." He was frantically cheered by the Right. He said that the franc would be wrecked unless the Chamber explicitly rejected exchange control. This was asking a lot from the Socialists and Communists, especially after a speech insulting the working class. Nevertheless, the Socialists were determined not to break up the Popular Front majority, and yielded, after four hours of discussion, even on the question of exchange control. By three in the morning, the Government was saved.

Only that was not at all what Chautemps wanted. For reasons best known to himself, he was determined to throw out his own government, and at four o'clock the opportunity for which he had been waiting presented itself. Ramette, the Communist deputy, made one of the usual Communist speeches, in which he said that, although the Communists loudly disapproved of the Government's policy, they would not vote against it, for they did not wish to break up the Popular Front majority. Chautemps saw his opportunity. Although the Communist speaker had not asked for anything of the sort, Chautemps said: "The Communists want their liberty. They can have it." This was too much for the Socialist Ministers. Blum, who had gone to bed, was promptly sent for, and the Socialist Ministers resigned. For Chautemps had deliberately driven the Communists out of the Popular Front majority, and had broken it.

#### Behind the Crisis

What was behind this determination to break his own government? And was Chautemps acting on his own initiative or as somebody's tool? It is difficult



*Times-Wide World*

. . . Georges Bonnet, trumped up a crisis to break down the Popular Front.

to be too categorical on this last point; but it is clear that certain important interests were determined to get rid of the Chautemps Government. Big Business, which had used the franc as a weapon of blackmail, feared that the labor code might still be presented to Parliament, and that even the Senate might pass it under working-class pres-

sure, as it had already passed the labor reforms of 1936. And—there was another important consideration. M. Dormoy, the Socialist Minister of the Interior, was producing every day more and more astounding facts about the activities of the C. S. A. R. (or “Cagoulards”). Big Business interests were clearly implicated in the affair; it was discrediting the Right in general; it was showing up the distinctly unpatriotic contacts existing between certain French fascist elements and foreign governments; and, clearly, it was threatening to recreate as powerful an anti-fascist front in France as that which had been produced, in the form of the Front Populaire, by the Croix de Feu menace of 1934–35. That the C. S. A. R. was subsidized not only by Big Business in France but also by Italy and Germany and Rebel Spain was not in doubt: most of their armaments came from these countries, and the bomb explosions at the Etoile on September 11 which blew up the big employers’ headquarters (a well-staged “Communist outrage”), and the savage murder of Carlo Rosselli and his brother by C. S. A. R. gangsters, had clearly been inspired by Italy. The middle of September was a time when Italy feared a stiffening in France’s Spanish policy, and the Etoile outrage was calculated to throw the country into a state of at least temporary confusion. Names of important Italians were freely quoted in Government quarters as being the real chiefs of the Cagoulards, and certain high personalities with their own ideas on Franco-Italian relations were becoming fearfully alarmed. In short, M. Dormoy was doing his job of investigation too well.

A day after the fall of the Chautemps Cabinet, France was startled to hear that M. Bonnet, whose personal ambition had played so great a part in bringing down the last Cabinet, had been asked to form the new Government. Was his ambition of becoming Premier going to be satisfied?

The Socialists and Communists rebelled; and it was too much even for the Radicals to identify themselves with M. Bonnet’s scheming. They told him not to persist in his cabinet-making. He personified all that was hostile to the Popular Front; and a large number of Radicals were still pro-Popular Front, or, at any rate, not yet pro-High Finance. It looked too much as though M. Bonnet wished to bring back something like a National Government of Right Wing tendencies, which would “save the franc”—a repe-

tition of the surrender of 1934 and 1926, when the Left majority in Parliament was compelled, under outside pressure, to submit to “the grave necessities of the moment.”

On the following day, Blum launched a different idea, which, though it failed at first, was of the utmost importance, and will not fail to make progress. It was well received by the country. He proposed a National Government “around the Front Populaire,” that is, one comprising all the Popular Front parties (including the Communists) and also men of the Opposition “known for their devotion to the democratic principles.” He wanted Paul Reynaud and other members of the Center to join. The idea did not succeed, partly because Reynaud wanted Blum to extend his National Government still further to the Right, and partly because the Radicals had some qualms about bringing the Communists into the Government. The country—or rather the parties—were not quite ready for so ambitious a plan; and yet, even certain men on the Right (for instance, Henri de Kerillis) realized that the idea was good, and that if war threatened France, it would be necessary to bring even the Communists into the Government, “for we cannot afford,” Kerillis said, “to have the working class of the capital against it.”

The Communists were ready to support Blum’s plan; it is probably true to say that the links between the French Communists and Moscow are much flimsier than is generally believed, and it is certainly true that they are conscious of being an important element of the French people, and are not only nation-conscious, but even government-conscious. Thorez has proclaimed time and again that they are ready to cooperate loyally with the democratic forces of the country, and that they realize the distinction between what is ideal and what is possible. They are *possibilists*. No doubt, the entry of the Communists into a “democratic” government would produce an outcry against the “Stalinites” from the more revolutionary elements among the French working class and would give an impetus to all the Trotskyist and Anarcho-Syndicalist traditions existing among the Paris workers; but the Communists are prepared to take that risk.

My own feeling is that in a real emergency (and the January crisis was only an artificially worked-up emergency) Blum’s idea of a “national government around the Front Populaire” will materialize. Its premier will prob-

ably not be Blum, but a rather more “national” figure like Herriot. Another important effect of Blum’s plan was to show that a National Government could be built up around the existing Left majority, and that “National Government” and “the will of the country” were not necessarily contradictory terms, as 1926 and 1934 had led one to believe.

In the meantime, however, we have (as I write) a particularly nondescript stop-gap cabinet under the same M. Chautemps. The Socialists—in spite of M. Blum’s wishes—refused to enter it, after all the plotting Chautemps and Bonnet had done to break up the Popular Front. This government will be merely tolerated for a time, but it cannot last long. The country feels that a more representative government would command incomparably greater respect abroad than this bunch of scheming Radical politicians; and all the elements in the country who are loyal to the Popular Front—and they include many Radicals, and this loyalty has only been strengthened by the activities of the C. S. A. R.—are looking with some misgiving at the new Chautemps Government, wondering whether, in the absence of a more spectacular change after the model of 1926 and 1934, Big Business is not using its influence to slide the center of gravity in Parliament more *gradually* towards the Right—with the help of men like M. Bonnet.

The need for a more representative government will become more and more apparent as M. Bonnet meets increasingly difficult financial problems.

But, above all, there is a growing feeling that France must have a representative government which would impress Germany and Italy, where the luxury of a 5-day Cabinet crisis in France, with its party squabbles, is interpreted only too readily as a sign of division and weakness. There has been persistent propaganda in the press of the Right to the effect that the inclusion of even one Communist in any French Government—even the widest possible National Government—would shock the British Conservative Government so much that there would be a breach between France and England. Actually, the British Government realizes—or if it does not, it should—that the French ally would, internationally, carry far greater weight and authority with a government “from Reynaud to Thorez” than with a stop-gap Radical Cabinet, with little support in Parliament, and even less in the country at large.



# LO, THE POOR RAILROADS!

*They have suffered heavily from a combination  
of the depression and subsidized competition*

By F. E. WILLIAMSON

THE financial position of the American railroads is as serious today as it was at the close of the World War. This is, then, a good time to inquire into the causes and their possible remedies.

First as to causes. What about financing? Is it true that the railroads are being strangled by debt? Are they overburdened with fixed charges? Does "water" exist in their capital structures?

These and other questions of a similar nature bob up every time the subject of railroad financing is discussed. They are asked because there are people who firmly believe that the answers, whatever they may be, hold the key to the entire situation. Let us see what the facts in the case really are.

In 1906, when railroad credit and financial strength were at their highest, net debt—that is, bonds and equipment obligations—amounted to 57.5 per cent of the total property investment. In 1936, with the railroads in distress, the figure was 44.2 per cent, before allowing for depreciation, or 49.7 per cent after depreciation.

From the beginning of American railroad history up to the post-War period, the rail traffic of the country consistently doubled in volume every fifteen years, on the average. To handle successfully the greater volume of business, the railroads had to increase their plant. This, of course, meant that they had to borrow money to make improvements. The money was not forced on them by bankers seeking profits. It was needed and used wisely.

At the 1906 peak, 17.2 per cent of the railroads' gross revenues was required to meet fixed charges, which are interest and leased road rentals. In 1936, despite the vastly larger and improved transportation plant as compared with that of thirty years earlier, fixed charges were 16.4 per cent of the gross revenues.

It should also be noted that, in the depression of the 'nineties, railroad fixed charges were a heavier burden by 20 per cent than in the last depression. But this did not stop the rail-

roads from recovering and later enjoying the very heyday of their prosperity.

The Interstate Commerce Commission has estimated the original cost of railroad carrier property, plus the present value of land and rights, working capital, and material and supplies, at \$25,926,231,224. On January 1, 1937, the total railroad capital actually outstanding was \$21,961,000,000, made up of \$9,930,000,000, in stock and \$12,031,000,000, in funded debt. Allowing for intercorporate holdings, the net capital outstanding in the hands of the public was \$18,336,000,000, of which amount \$7,096,000,000 was in stock and \$11,240,000,000, in bonds.

As the actual value of the investment in plant and equipment is about seven billion dollars *more* than the total par value of outstanding railroad stocks and bonds in the hands of the public, it cannot be said in truth that the carriers, in the aggregate, are over-capitalized or over-burdened with fixed charges. These facts are most certainly an indication that debt and fixed charges are by no means the principal reason for the straits in which the railroads of this country now find themselves.

If, then, improvident financing is not to blame for the present crisis in railroad affairs, what are the underlying causes? A glance first at the situation as it exists today and a brief review of circumstances leading up to it should furnish the answer.

Never before have the railroads operated at such high levels of efficiency and economy. Never before have their services been so swift, so dependable, so complete, so safe. Never before have their progress and achievements been so appreciated by a public which, just a short time ago, was inclined to take them for granted and displayed only a casual interest in their problems.

Yet, in spite of these favorable elements, the railroads are a sick industry—so much so that 96 companies, comprising 71,386 miles of line and representing 28 per cent of the total railway mileage of the United States,

are in the hands of receivers and trustees. Furthermore, other systems are unpleasantly close to bankruptcy.

In four of the last six years, the railroads, as a whole, did not earn as much as 2 per cent on their investment, and in the best of these years—1936—they made only 2.57 per cent. Based on present calculations, the 1937 return will amount to approximately 2.3 per cent. Out of this meager return, plus whatever other income the railroads have, must be paid interest charges on bonded indebtedness, rent on leased lines, and other fixed or necessary obligations. What is left over is net income available for improvements, dividends, and surplus. It is little wonder that, in the words of the president of a large road, railroad stockholders have become "the forgotten men and women of the country."

Within the last few months, the railroad situation, seemingly on the way to improvement during the first half of 1937, has become acute. Railway purchases, so vital to many businesses in every State, have been drastically curtailed. Orders for new equipment are virtually at a standstill. The number of railway employees has been reduced.

This is not a bright picture of the status of one of the nation's greatest industries, which, besides being the principal agency of transportation on this continent, is so important as an employer of labor, buyer of commodities, and taxpayer.

## *Post-War Developments*

On March 1, 1920, when the Federal Government returned the railways to private operation, neither their physical plant nor financial position was of the best. Shortly thereafter, it became evident that, to meet the transportation requirements of the country, the capacity of the rail plant had to be increased and improvements made. In fact, the Interstate Commerce Commission, in December, 1922, instituted on its own motion an investigation into the adequacy of railroad facilities and services—an investigation which was not pressed to a con-

clusion after the carriers had so greatly improved in these respects.

In the face of serious obstacles, railroad managements, in 1923, embarked confidently on an ambitious program of betterment. Among other things, more powerful locomotives and larger and stronger cars were acquired; track and bridge structures were strengthened; grades and curves were reduced. To December 31, 1929, a total of about six billion dollars was spent, with an addition to net debt of only about \$950,000,000. At the beginning of these major improvements, fixed charges were 11.3 per cent of the gross revenues; at the end of the period, 1929, the ratio was actually less—11 per cent.

The benefits from this program more than justified these capital expenditures, most of which represented a sacrifice on the part of the stockholders. Old periodic car shortages practically disappeared, even during the period of heavy traffic between 1923 and 1929; railroad service was revolutionized; immense savings were effected by the rail lines and business in general.

That there has been a constant improvement in service is shown by the acceleration of the speed of passenger and freight trains. Today, the United States has not only the fastest trains in the world for distances of 800 miles or more, but has also the greatest number of trains with scheduled runs of 60 miles or more per hour.

Freight trains now run half again as fast as they did in 1920, while freight train lengths have increased 25 per cent. By operating on what were once virtually passenger train schedules, overnight delivery of freight from points as far away as 500 miles is afforded many localities. Business has thus been enabled to operate on a small inventory basis, resulting in substantial savings to both business men and consumers.

So dependable has freight service become that today there are factories which unload material directly from freight cars to assembly lines without the necessity of storing it. This is another illustration of how improved freight service has remade production and business methods.

Greater efficiency was another result of the large capital investment in plant and equipment. The average gross ton-miles per train-hour—the best single measure of operating efficiency—rose from 16,188 in 1922 to 29,186 in 1936, or an increase of 80 per cent.

Unit fuel consumption and loss and

damage to freight shipments are two items in which notable savings have been effected. In 1922, 163 pounds of coal, or the equivalent thereof, were required to move 1,000 tons of freight and equipment for the distance of one mile. This same amount of work was done in 1936 with only 119 pounds of coal, or a saving of 27 per cent over 1922. Passenger service recorded a similar improvement, with 17.9 pounds of coal being used in 1922 to move a passenger train car one mile and only 15.3 pounds being required to accomplish the same result in 1936. Due to improved methods of packing, loading, and handling freight, loss and damage payments by the railroads have dropped from 1.15 cents per dollar of freight revenue in 1922 to .64 cents in 1936—a reduction of 44 per cent.

It is such increased efficiency and economy which have made it possible



SUN TEMPLE: *The Concourse of the Grand Central Terminal in New York City.*

for the railroads to operate under low rates. Freight rates have gone down from an average of more than one and a quarter cents per ton-mile to an average of less than one cent per ton-mile. Likewise, passenger fares have decreased from an average of more than three cents a mile to less than two cents. From these average rates, it should be remembered, the entire cost of the service performed and of the maintenance and improvement of equipment and facilities and the payment of taxes must be met.

A common criticism has been that railroad managements, in some mysterious way as yet unexplained, should have foreseen the coming decline in traffic, and should have used their resources to retire debt during boom

periods. Wherever possible that is done. However, public policy has not been such as to allow railroads in good times, or in periods of inflation, to earn sums sufficient to make significant debt retirement and accumulation of reserves, a fact so frequently overlooked.

There is, however, a glimmer of hope to be found in the latest annual report of the Interstate Commerce Commission. While it does not actually reverse its position, the Commission hints that the railroads should be permitted to accumulate funds in better days to cushion the shock of depression periods. The Commission said:

It will be generally agreed, not only that the railroads are constitutionally entitled to an opportunity to earn a reasonable return on the fair value of their carrier properties, but also that it is imperative that they be able, in general, to earn such a return under what may be called normal conditions, if the system of private ownership of railroads is to function at all satisfactorily. It will also be agreed, although perhaps not so generally, that if a reasonable return cannot be earned in times of depression, the railroads should have a somewhat corresponding opportunity to earn more than a reasonable return in times of prosperity, so that the average may be fair.

Because the railroads at one time practically monopolized the transportation field—a condition that by no means prevails now, with trucks dipping heavily into the cream of the traffic—and because they are engaged in a business affected with a public interest, the Government undertook their regulation. This prerogative has been exercised for the past half century in increasing degree, until today the regulation is strict, severe, and detailed in character, covering every aspect of operation. The railroads cannot discontinue or extend any service without the consent of Government. They are regulated as to the hours their employees shall be permitted to work, and the conditions under which they shall labor. Rates, fares, and charges and their practices in connection therewith are fixed by Government. They are even told how to keep their accounts. They are forbidden to obtain traffic by offering preferential inducements to shippers. They must, nevertheless, be entirely self-supporting.

#### *Subsidized Competition*

Contrast this with the public policy toward other forms of commercial transportation—the airlines, water carriers, and bus lines. They enjoy, in many respects, a degree of freedom



denied the railroads, and in one way or another are subsidized by money coming from the taxpayer's pocket.

Take the case of commercial aviation. To foster and promote this newest agency of transportation, the Federal Government furnishes the beacons, the special radio and weather services, and the emergency landing fields. Airports are usually provided by the cities. As if this were not enough, the Government gives the airlines the entire six cents which you pay to send an air mail letter, and it hands over several cents more per letter from the general funds of the Post Office Department.

But what do the railroads get for handling mail? Every time you use a three-cent stamp on a letter going by railroad, Uncle Sam pays the rail companies an average of about half a cent, retaining the other two and a half cents to cover the cost of collecting and delivering the missive.

In so far as water transportation is concerned, the Government builds and improves inland waterways at enormous cost. The people who use them, however, are not asked to pay tolls. The waterways must be free, it is argued, to provide "cheap transportation"—cheap, perhaps, for the small percentage of people who are so geographically located that they can ship by water route; but expensive for the taxpayers as a whole and especially the great army that uses the railroads or other agency of transportation.

Government is considerate, too, of the trucks and busses. It has built, at a cost of billions of dollars, rural highways and city streets, over which these commercial vehicles may travel. And this, of course, does not include the millions of dollars spent each year to maintain and improve them. Railroads, on the other hand, must own and construct their own rights of way, pay interest upon their cost, maintain them at their own expense and pay taxes upon them. Although tolls at bridges and tunnels, motor registration fees, gasoline taxes, and the like are an attempt to recover from the users of improved roads all or part of the costs met in the first place by the government, the railroads' competitors on the highways do not contribute their proportionate share toward the general support and operation of government.

This public policy as to transportation—or rather this lack of a policy—is the direct cause of the prevailing inequalities and many of the problems which today beset the railroads. Such governmental discrimination makes it exceedingly difficult for the rail car-

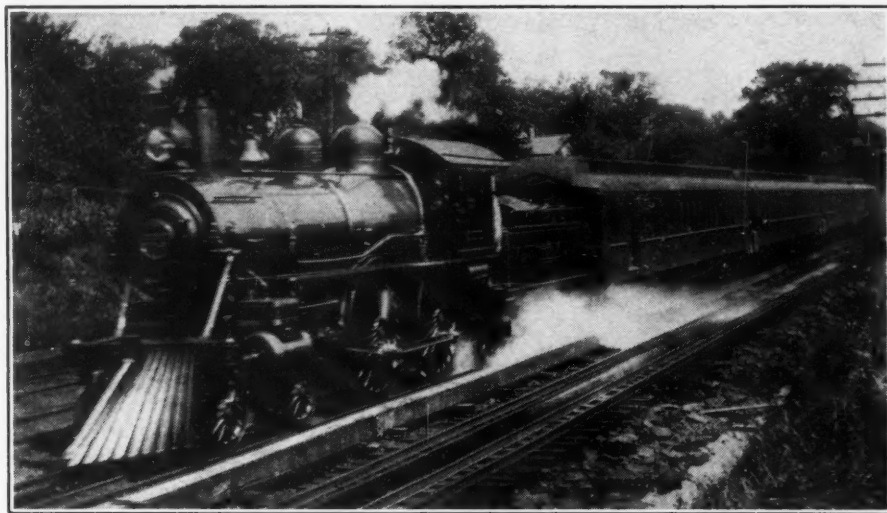
riers, even in normal times, to compete for tonnage and earn for their thousands of investors a fair return on their money.

Competition in the field of transportation is keener today than ever before. This, together with other factors, has resulted in a surplus of facilities which available traffic cannot long sustain. Nevertheless, there are movements, strongly pressed, to add to this excess capacity at the expense of the

should be written in large letters to favoritism in the transportation field.

Important as these factors have been in contributing to the current difficulties of the rail companies, there are other major elements. These have created such a narrow margin between income and operating expenses that railroad credit today is seriously impaired.

During the depression, traffic declined astonishingly and gross and net



OLD GLORY: The famous Locomotive 999, which set a world's record of 112.5 miles an hour near Batavia, New York, in 1893.

taxpayer. For instance, Congress is being urged to consider the construction of more super-highways at a cost of eight billion dollars. Again, among other things, cheap transportation is advanced as an argument in favor of the proposal.

But cheap transportation cannot be achieved this way. Instead, it is the certain course to needlessly high transportation costs for all. The effort has been, and will continue to be, enormously expensive in its direct burden on taxpayers, and no less so in its indirect effect of increasing the cost of necessary transportation by artificially diverting and dividing tonnage which otherwise would move in those channels best fitted to handle it, service and true cost considered.

What is needed is a national transportation policy, based upon sound principles and sanely administered. Various attempts have been made to formulate one, but progress has been painfully slow. Common fairness and good business judgment demand that the policy finally adopted should treat alike all forms of transportation. If one is to be regulated, then all should be. If one is to be subsidized, then the beneficent hand of government should be extended to the others. "Finis"

revenues dropped to perilous levels. Revenues from freight handling were about half what they were in 1929, and passenger revenues were only a little more than one third of what they were before the crash. Since this low point neither freight nor passenger revenues recovered to the 1929 levels and are at present again substantially depressed. Many lines operated at a loss year after year. Some were aided by loans from the RFC.

#### Rising Costs

Even more disturbing than the shrinkage in the volume of traffic was the rising cost of railway operation—an element largely beyond the control of railroad managements. Since about the middle of 1933, when the depression hit bottom, the prices of materials and supplies, for which the railroads normally spend a billion dollars a year, have increased 40 per cent; taxes have gone up 25 per cent; wages of railway employees have advanced 18 per cent.

As an illustration of rising railway expenses, the cost of things which the railroads need, other than fuel, is now approximately \$275,000,000, greater annually than in 1933. The price of fuel is \$78,000,000, more.

The railroad tax bill is enormous,

and is constantly increasing in size. In 1906, the tax accruals of the railroads amounted to 2.97 per cent of the entire gross operating revenues of these lines. Last year, this figure reached 8 per cent. In other words, out of each dollar received in 1937, approximately 8 cents had to be set aside for the municipal, state, and national tax collectors. But not one penny of this was

duction in 1932 was restored in 1935, thereby adding another \$175,000,000 annually to railway expenses.

While costs have been mounting, freight rates and passenger fares have gone down. By the end of 1937, the average revenue per ton-mile—that is, the average amount received by the roads for hauling one ton of freight for the distance of one mile—was 10 per

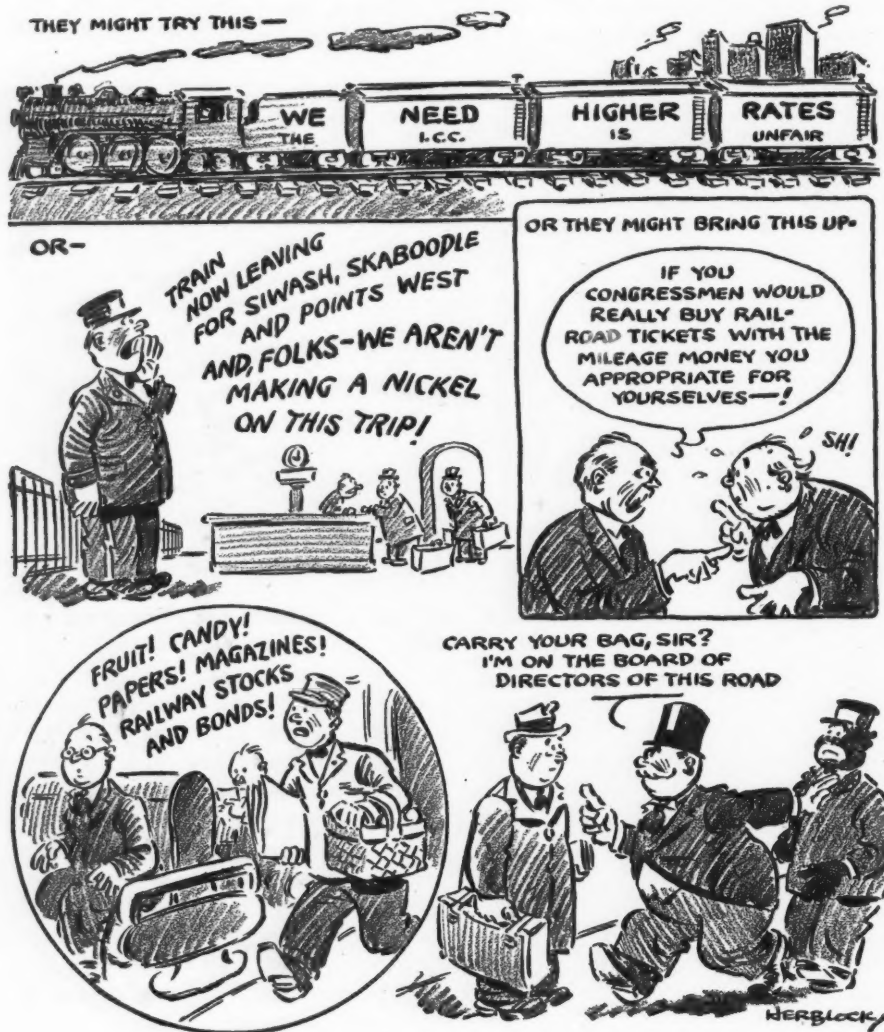
been aggravated by the elimination of the emergency rates at the end of 1936. It is for these reasons that in November of last year application was made to the Interstate Commerce Commission for increased freight rates in all sections, and higher passenger fares in the Eastern Territory.

Railroading, it should be borne in mind, is a business—an important and complex one. The running of a railroad is not unlike the conduct of any other business sustained by private capital and operated as a private enterprise. The railroads manufacture but one commodity—transportation service. They must sell it at prices which will net them a small margin of profit, or, if they are to remain solvent and continue to serve the public adequately and satisfactorily, at prices which will at least permit them to pay all of their expenses. The same economic laws which apply to business generally apply to railroading.

It follows, then, that, if the railroads are to remain in business and escape government ownership, they must be permitted to make ends meet. This, of course, is impossible if expenses are to continue to go up and income to go down. Only adequate revenues will enable the railroads to climb out of the financial pit into which they have been cast.

There are those who believe that the real need of the railroads is relief from debt through processes of scaling or forced reduction. That will help, no doubt, in some individual cases, and will be applied in these cases. But this is no remedy for the industry as a whole. It needs an enlightened policy that will allow the roads, in normal times, to make surplus earnings as other industries do; that will stop the uneconomical diversion of traffic through various forms of subsidy to other means of transport; that will call a halt on restrictive legislation, the sole effect of which is to load the carriers with a burden of increased expenses with no corresponding benefit to the public.

It is a truism that there cannot be a prosperous nation without prosperous railroads. Economic recovery depends, to a marked degree, on the good health and future prospects of the rail carriers. For this reason, it is imperative that the railroad situation be remedied as quickly as possible, so that the railroads and the country can go forward with confidence once more.



While the Railroads Are Campaigning for a Rate Boost

earmarked for the special benefit of these carriers, and, ironically enough, some of it was spent to aid the railroads' competitors.

Average wages have also moved upward. The average annual earnings per railroad employee have climbed from \$592 in 1906 to \$1,765 in 1937. Wage negotiations last year boosted the pay of the non-operating employees by five cents an hour and the wages of the men who operate the trains by five and a half cents an hour—an increase of \$135,000,000 a year in the railroad payroll. Then, too, it should not be forgotten that the 10 per cent wage de-

cent less than it was in 1932. The average revenue per passenger-mile, calculated on the same basis as that per ton-mile, was 20 per cent under the 1932 figure.

At the prevailing level of prices, taxes, and wages, the railroads' operating expenses have been increased, since 1933, by approximately \$665,000,000. Railroad revenues, on the other hand, are less by more than \$200,000,000 than they would have been if the traffic had been carried at the average rates of 1933. In short, the rate level, as this is written, does not meet today's costs, and this has



# CORRESPONDENTS IN SPAIN

*An uncensored account of a censorship which is not as black as it's painted*

By LAWRENCE A. FERNSWORTH

THERE has recently been considerable discussion of the press censorship in Spain, particularly on the Government side, and the question is frequently raised as to what extent news dispatches emanating from Madrid, Valencia, or Barcelona can be trusted. Are they tampered with? Are correspondents under coercion to write, not as their judgment dictates, but as they are desired to write? Are they drawn into the mesh of a propaganda machine and made part of it? For more than a year, and from the very first days of the Spanish rebellion, I have been coping with this censorship problem, at times trying to make the censor see reason as I saw it, at times acting as spokesman for other correspondents. It is possible therefore that I can throw some light on these and kindred questions.

The censorship had (and has) its high spots and its low spots, and it would be impossible to generalize about it. There were times when it was completely, incredibly stupid, such as when it sealed up all means of communication with the outside world at the most critical moments, with the worst possible consequences from the Government's own viewpoint. There were times when it was intelligent and fair. The censorship difficulties were not so much due to the chief censor at Madrid or (after the Government's removal to Valencia) at Valencia, as to the 57 or so brands of politicians who stood in the background and who seemed to have not the slightest notion of foreign reaction to news or the lack of it. The correspondents learned that while they fought the censor, the censor was battling it out with these politicians.

The version published in the States that the censorship was in the hands of clever propaganda agents from Russia does not correspond to the facts. There was nothing clever about the way the censorship was managed nor about the handful of foreigners, some mere adventurers, whose services during the first months were employed because they happened to understand foreign languages and it was difficult to find Spaniards properly equipped in that regard. One of these once had

been the keeper of a resort of low reputation. I did not find one Russian among them although there was a Russian-born German. Later, at Valencia, they were all thrown out and replaced by competent and high-class Spaniards who knew foreign languages. After that the situation was much improved.

Like most censorships, that of governmental Spain—and in even greater degree that of rebel Spain according to

its readers likewise have the right to accurate information. For any government to deny that such a right existed would be equal to denying the value of foreign opinion. But a government which, like the Spanish Republican one, was at particular pains to impress foreign opinion and obtain its favorable verdict, was under a special obligation to permit that opinion to have the proper data on which to base its judgment. I fear that the censorship,



United Feature Syndicate

"TELL 'EM OUR SIDE'S WINNING": This is the way Americans felt about the news . . .

overwhelming testimony—was predicated upon the theory that neither the correspondent nor the papers which he represented had any rights. Yet the correspondent, it would seem, has the obligation of presenting the news—barring information of military value to the enemy—as correctly as he can; and having that obligation, has also the corresponding right. The press and

or rather the powers behind it, did not take this viewpoint—and that was not honest. I suspect, on the contrary, that most correspondents sensed this, and the feeling that they were frequently working under difficulties must have proved irksome. I likewise suspect that they felt completely free to act within their rights and discharge their obligations insofar as opportunity offered.

On the other hand, it cannot be said that the correspondents were ever coerced, or that any attempt was made to educate them and incorporate them in a huge propaganda machine. I have ample testimony that there was nothing so calculated to get a correspondent's back up as any suggestion that he send out news in such form as did not correspond to his judgment. Nor was he pampered and made much of. At Valencia an occasional excursion was organized to one of the fronts for limited parties of four or five, at

proved. Bulletins came, but often very late in the night—so late that to some correspondents they were quite useless. When important speeches were made the correspondents were not allowed to send stories from their notes, but were compelled to wait until the official versions, in Spanish, came. These usually arrived very late in the night; and thereafter there was another long wait until the official English version could be written. Consequently, correspondents were kept fuming and fretting and wasting their time for from six to eight

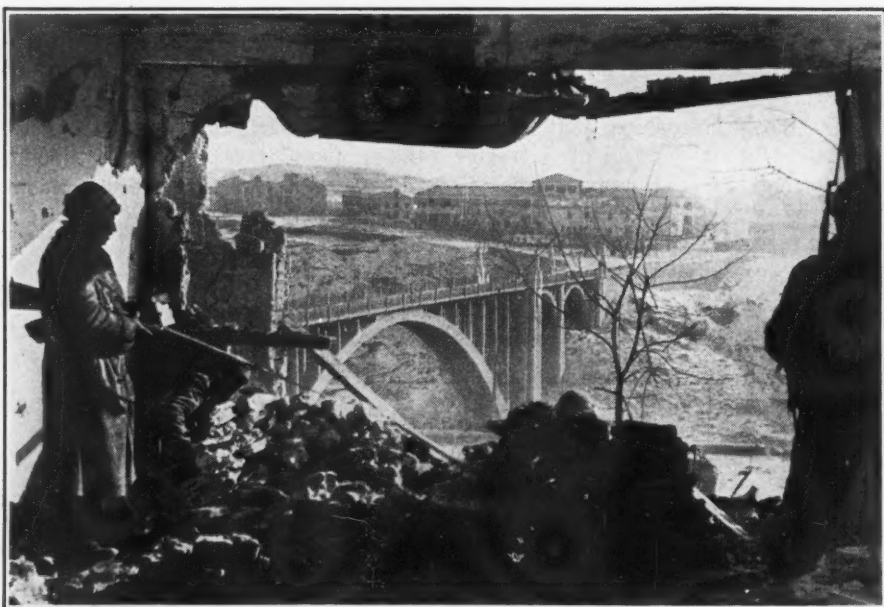
or Left, happened to be in power; thus, whatever independence they enjoyed was of the by-your-leave kind. The concept of the completely independent journalist does not seem to have entered the governmental mind, and so it is likely that foreign correspondents suffered from the implications of this situation.

If the reports of correspondents were on the whole favorable to the government it was certainly not due either to pampering, coercion or being educated to write as they were wanted to. It was entirely due to their integrity and to their sense of devotion to truth as they saw it.

All that precedes describes a rather negative situation of which the correspondents were the victims. In fairness it must be said that it was to some extent—although only temporarily—remedied later on, particularly when the Foreign Minister, at the instance of the correspondents, met them in a series of press conferences.

On the other hand I believe the correspondents were treated with extreme indulgence as to their personal views. Although occasionally one popped up who was known to be unduly critical of the governmental side, that fact did not, so far as I have discovered, in the slightest degree affect the treatment he received. It may have happened that some correspondent or another was made to feel displeasure for an overt offense, or for an attitude of hostility which surpassed the bounds of decorum, but even such a one was treated with a great deal of tolerance.

There is a superabundance of testimony of mistreatment and manhandling of correspondents on the Franco side. At least fifty were expelled. Some of them were jailed and menaced with death. Some were compelled, under pain of death, to sign false statements. Except in the cases of a few favored ones, they were ordered and shunted about rebel territory by the chief censor as though they were flunkies. There was no respect whatever for their persons. Certainly there was nothing comparable to this on the Government side, for the persons of correspondents were respected and I do not know of a single expulsion except in the case of one suspected—wrongly, I am certain—of activities having nothing to do with journalism. At Valencia, however, there was one case of a correspondent whose hostility to the Government, and whose conduct co-related to that hostility, were well known. He was briefly detained and questioned, per-



Pis

... from Teruel, where the rebels were staging a counter-attack. However ...

times when it was rather essential to get there. But there were many correspondents, even among those most favorably disposed to the Government, who could not get about to distant parts at all. The Spanish press bureau, as was quite proper, sometimes arranged for rooms for visiting correspondents (at the correspondents' expense, naturally) when rooms were otherwise unobtainable. They were thus saved from having to sleep in the street. And that was about all the attention they got, except for the very occasional "trained seal" with something of a literary name.

#### No Pampering

On the contrary, the correspondent found himself facing conditions which made work most difficult. He was entirely on his own in the gathering of news and this, for the new man, made it hard. During four months there were perhaps a total of three or four news bulletins handed to correspondents at the Valencia press bureau. Later this situation was somewhat im-

proved. And when the speeches finally got through, the hour was usually so late, particularly on the Continent and in England, that the papers did not use them. Thus the very important speech of President Azana early last year, which was particularly designed to impress foreign opinion, got through so late that most papers, including my paper, the *London Times*, did not use a line of it and the overly meticulous censorship had cut its own throat. Something like the same thing, although not in the same degree, happened in the case of Azana's speech delivered on the anniversary of the Republic, in July.

Indeed, far from the correspondents being pampered, it sometimes seemed that the ministries in Valencia either were not aware of their existence, or regarded them with disdain. There is a tendency in Spain to regard the journalist as a second-rate sort of person, largely because the Spanish press and, consequently, its editorial staffs have traditionally been under the thumbs of whatever government, Right

① True.



mitted to return to his hotel and finally to leave at the invitation of the continental paper which he represented. I heard no correspondent suggest that the authorities could well have acted otherwise.

### *The Angelopoulos Case*

But there was one case in Valencia which aroused the indignation of most of the foreign correspondents there, namely that of Alkeos Angelopoulos, correspondent of the International News Service, which he had previously served at Addis Ababa in the Abyssinian campaign. He was taken from his hotel bed at two o'clock in the morning by armed police and kept in a secret prison for about ten days, for the first day or two without even such conveniences as a mattress or chair. He was regularly taken before a form of investigating committee in another part of the town at about three o'clock in the morning and there put through rigorous questioning. The question referred to his associations with persons suspected of spying, and also to his associations with other correspondents whose integrity was brought into doubt. He was kept in solitary confinement, receiving no visit from friends or other interested persons during all this period. The request of correspondents that they be permitted to visit him was refused. Their protests were met with the explanation that he was being held, not as a journalist but as an individual suspected of illegal activities. This explanation did not satisfy the correspondents at Valencia, who pointed out that not only was this manner of treating a person under suspicion illicit and indecent and shameful, in that it had no regard for his most elemental rights, but that it was in no way reassuring to the remaining correspondents, who did not know when any other one of them might be similarly treated whenever members of the secret police with excessive imaginations might suppose them to be engaged in anti-governmental activities. Angelopoulos was finally released and his agency requested to withdraw him. Although a statement regarding his case was issued, it showed no straw of evidence against him—merely the suspicion of the police. And I'm sure that the correspondents who knew him and worked with him and questioned him closely were convinced that the suspicion was without justification. But aside from this case I know of no authentic correspondent who was molested—certainly none

for attempting to assert his rights. The correspondents, who considered themselves under the Foreign Minister, and not under the police, finally worked out a formula whereby, should any correspondent fall under suspicion in the future, his case would first be placed in the hands of the Foreign Ministry for preliminary investigation.

### *Getting Out the News*

Is the news getting out of governmental Spain? In general, yes. I know



*Times Wide World*

... Herbert L. Matthews of *THE NEW YORK TIMES* went to see for himself and found ...

of agency men who go so far as to say that they are getting all the news out through the censorship and have no need to supplement it in other ways. My judgment, however, is that there are many hiatuses. Most of the high spots do get out, but sometimes in very sketchy form. However for the proper understanding of a situation the low spots and the in-between spots are often quite as important as the high spots. Indeed I believe the reputations of *The Times* of London and *The New York Times*, are built upon their recognition of the fact that "the news behind the news," as often as not, is the real news. It is this "news behind the news," so essential to an accurate understanding of events, that the censorship frequently dams up, particularly when it presents a situation not entirely favorable to the Government.

The great mistake of the Spanish governmental censorship—as of all censorships—is their hypothesis that all news must be "favorable." There is nothing calculated so quickly to shake confidence of the foreign press and its readers as the feeling that they are get-

ting only what the government of the country in which the news originates considers suitable. Indeed, completely "favorable" news soon becomes, of its own inherent character, "unfavorable" news. The editors abroad look upon it askance and turn to other sources. They take the word-of-mouth reports of chance travelers, (there is nothing more untrustworthy) listen to the opposition radio stations, are taken in by rumors, etc., and in the end give a picture that is greatly exaggerated and far more "unfavorable" to the country of original news source than an accurate statement from that country itself would have been. A notable example of the censorship's failure to give the complete story was the occasion of the formation of the new government in May. This was the consequence of a profound revulsion in the government and the facts of this revulsion were most important to know. But here the censorship clamped down on the real story, or allowed only an inkling of it to get through, with the consequence that opinion abroad was mystified. Of course, in the sense that the "high spot," namely, the fall of one government and the formation of another, did get through, it might be said that "the news" was reported. Another example was that of the Barcelona riots, in May, just preceding the fall of the Government. At Valencia not a word was allowed through for several days with the consequence that, bad as the situation was, the reports in the foreign press made it immeasurably worse. Having no news from Spain they took the rebel radio reports and the irresponsible statements and rumors brought out by travelers.

My own experience provides a good example of how an airtight censorship works in such a situation. I was tipped off that something was brewing in Barcelona and so went down there, being the only staff man there during that trouble. The first day, after running a gauntlet of barricades to the chief censor's office and another gauntlet of barricades through narrow and now blacked-out streets to reach the radio office, I managed to send out a rather accurate story of what occurred. On the second day I did the same, but the minor functionaries in the radio office set their judgment above that of the official censor and sabotaged them, so that they did not arrive until 24 hours or more after being filed. The result was that the paper which I represented, along with others, having no other source of information, printed in-

accurate news, such as that the French consulate had been assaulted, that French marines had been landed to protect it, and that an Anarchist government had seized the power, all of which being quite untrue, did the Government infinitely more harm than if the real news had been allowed to pass.

Spanish authorities, whether Monarchist or Republican, seem to have a "shut the door" complex which impels them to seal all kinds of communication with the outside world the moment there is an important crisis, and precisely when it is of the greatest importance, from the government's own

recall the case of one agency correspondent who asked permission to send out "just one uncensored report" on a certain situation of interest abroad. The request was granted and the correspondent telephoned his report, which the censor did not see until after it was sent. Incidentally news is almost invariably telephoned to Paris or London by the correspondent himself, a censor listening in, so there is no possibility of tampering with the message. I also found that if the correspondent played fair with the censor, the censor did his best to play fair with him. The occasional man who resorted to tricky or

on this point, and the Government itself did not know the truth. The failure to let reports of the fall of Malaga get through was not due to any attempt to hold up the news but to lack of information. As a matter of fact, late Monday I had a definite report from a private and confidential source that Malaga actually had fallen. The censor, who on the basis of his own information did not yet know whether Malaga had fallen, nevertheless allowed me to send the news on my assurance that the information was positive.

I must also, in fairness, cite an instance of considerate and courteous treatment in connection with my departure from Spain last summer on a vacation. It is another "high" spot which offsets part of what I have previously said and shows how difficult it is to generalize. Realizing that border guards who did not know English might prove a suspecting and troublesome lot, I informed the home secretary that I was departing at a certain border point on a certain train, and that I would have with me quite a few documents which I expected to find useful in the preparation of articles. I requested that he notify the authorities that I was on my way so that I would not be treated exactly as a spy. When I arrived at the station I found that the chief in charge had received a telegram ordering my baggage to be passed without any examination whatever. I really had not expected quite so much courtesy.

I must also mention that in Barcelona—although not in Valencia—I was in emergencies frequently allowed to telephone uncensored messages from my home with the understanding that I present the censor a copy of my transmitted message the next day. I tried not to abuse this privilege and that fact resulted in my getting through, rapidly, many a story with which I might otherwise have had difficulties. For instance the governmental crisis of May I covered from Barcelona instead of from Valencia in a very frank series of stories.

#### *It Was Worse in France*

Although much more might be said about the censorship in Spain, enough has perhaps been said to indicate that it is in no degree worse than most censorships. And indeed, despite the shortcomings which I have here mentioned, some correspondents who have covered the Great War affirm that it is immeasurably preferable.



Pix

... the city still in the hands of the loyalists, hunting out stray rebels.

viewpoint, that the real truth be known. This has done it much harm.

#### *Censorship Destroys Confidence*

On the whole, I conclude that the Spanish governmental censorship has failed in accomplishing the very thing that it was most to its interest to accomplish, namely the establishing of confidence abroad in the news emanating from governmental sources. Notwithstanding, the high spots of the news have always got out, while the stories have been the honest reports of the correspondents, written without coercion and on their own judgment, within the limits allowed by the censorship, and not the product of a propaganda machine.

I have said that the censorship also had its high spots. The liberality with which correspondents were treated often depended upon the degree of political pressure behind the scenes. I

shady procedure would be caught at it sooner or later, and he would discover that he had done himself no good by his conduct.

It must also be said in fairness that the censor frequently stretched a point in favor of correspondents.

By way of example: I have seen a published statement that news of the capture of Malaga was held up for hours. Let me recite my own experience. The fall of Malaga was reported in the foreign press on Sunday, February 7, of last year, on the basis of misleading rebel reports. But all of that day it was still in the hands of the Government forces. I have interviewed persons who left Malaga as late as noon of the following day, Monday, and the rebels had not yet entered there. In fact they did not penetrate Malaga until early afternoon of that day. In governmental circles in Valencia there was a great deal of confusion



# THE AMERICAN WAY

*Joe Smutts would like to spend, and does, much more during his life than he actually earns*

By W. CARROLL MUNRO

THE national program of recovery centers around a frantic effort to raise the standard of living of an ever-increasing number of our citizens. And the standard of living is predicated upon the theory that the average man should own a car, a house, a pot containing two chickens, a bank account, and innumerable other gadgets including a college boy. It is a standard compiled and approved by politicians, professors, and the National Association of Manufacturers. And it is a standard based, not on what man produces, although that, of course, is a necessary corollary, but on what a man can get, if he pursues the American Way of Life.

Generally that Way of Life is supposed to combine the best things of our material civilization. And the best things are easily identified in the advertising columns of metropolitan newspapers and national magazines. Beautiful gadgets for the most part and very utilitarian. At least one-third of us are the proud owners of many of them. But they have cost us dearly, and on occasion caused us no little concern. No sooner do we pay for one than some ingenious inventor adds another to our list. And it is always the added starter in this gadget race that loses out. We just can't meet the payments every month.

For the average consumer is periodically insolvent. That is one fact that is apparently overlooked in calculations concerning the American standard of living. Economists, and statisticians never get down where the consumer lives and find out what he really buys. They chart his income arbitrarily, so much for food, so much for clothes, so much for rent. That's fine as far as it goes. But what about the consumer's automobile? Can he pay for a new one every year or so, and still maintain a proper balance of expenditures. If the economists don't know the answer to that one they don't know the answers to any of the consumer's problems.

Seeking to dispose of many of the question marks surrounding the consumer—who he is, what he earns every

year, what he buys, how much he can actually afford to buy, how he "makes up" the difference, the size of his family, his family's needs—*Current History* made an investigation of the "average American spender." For purposes of this article he shall be called Joe Smutts.

Mr. Smutts lives in a manner that will very easily upset, if not wreck altogether, the favorite graphs of the economists, who, if they paid less attention to charts and more to chats, would have found some very interesting information. First of all they'll find he's not a bit dismayed by the names he's being called. He rather fancies himself as one of the "ten million guinea pigs," or, one of the "one hundred million shills." He enjoys his joke, and maintains his peculiar pride, and of course, his price.

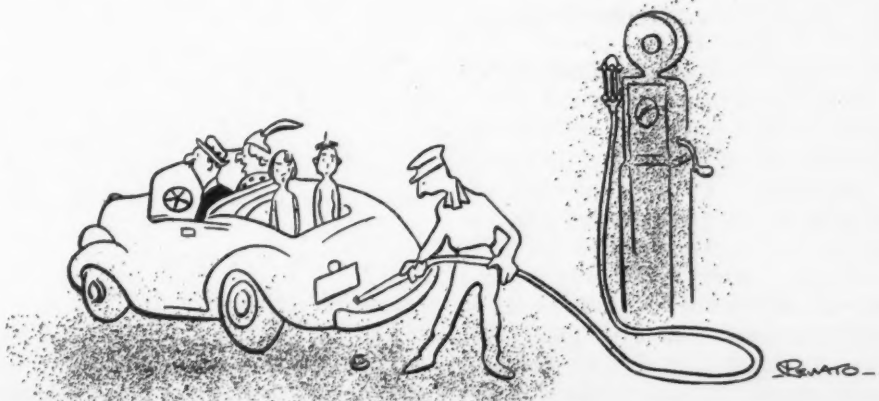
Some million salesmen look up Mr. Smutts and his consumer friends at least three times a year and chat with them about the price of toilets, refrigerators, and those thousand other things they're permitted to buy for a little hard earned cash. And the manufacturers chart the average consumer too, and they graph his family, although he can slip through a column of figures quicker than a cold germ can squirm through a porcelain sieve. But that's the way they arrive at the average standard of living which is necessary in calculating the sale of any product, although, despite the pseudoscientific calculations, it remains an arbitrary thing divorced from reality

as any competent consumer will readily testify.

## Inside Dope

You've seen Joe Smutts often enough doing his Sunday driving. He's the little bird in the Ford who tries to beat the lights. Two kids on the back seat and a woman in front wearing a Duchess of Windsor hat. Joe went to work when he was twenty. He was married and had two kids before he was twenty-five. And now he's nearly forty with a steady job paying him \$1,500 a year. He's doing fine. Very few of his friends earn much more than that, while most of them are lucky to squeeze out \$1,200 every year.

And since money really counts, Joe's spending habits are the most important things in these United States. Ambitious men devote sleepless nights, as well as days, thinking up new selling gags to use on Joe. Some unique and different way to sneak another dollar from his bankroll. But he's wise to them although whichever way he turns they've rigged a resistance sapper for him to see. They hammer at him from the advertising columns, and when he listens to the radio he's sure to hear some smoothie yapping about his teeth and gums. And every now and then he gets a mail box full of junk; notes and letters and cards telling him what to buy, appealing to him as a man of discriminatory sense to hurry down and buy it now before they're all sold out. That's funny, and now and then Joe gets a laugh out of the appeals. He,



Joe Smutts, should put on his hat and coat and rush right out for a tire or a tube of toothpaste. Nuts to that. If they want him they can come and get him. Or wait until that day he sneaks into the store to look around.

Even so they want to be fast on their feet for Joe can stall a salesman quicker



than the Missus can stall the car. He plays dumb while they pour the old sales oil, although he's got a wrong name and address ready for them if they get too hot. "Joe Jones," he says without a quiver. "Sure send the salesman over. Always glad to see him." And then Joe gets really crafty. "How much again," he asks, and then touches off the bomb, "I can do better down the street. Beat their price and I might talk business."

#### Budget Balance

That's the way Joe shops. He's out to beat the rules for the sake of solvency. And he rarely ever pays cash. The credit marks behind his name in all the agencies resemble a Chinese puzzle. He's fast pay. He's slow pay. He never pays. They send the hottest collectors after him and he sends them back with about one-tenth the money they warned him was the absolute minimum. And it was after a nasty interview with one of the speedier boys that Joe's wife got real mad and bawled him out. They talked it over then, and Joe decided to keep a budget.

The first stop after that was a bank where Joe had once been inveigled into joining a Christmas club. He had also failed to make all the payments, and he remembered with a good deal of embarrassment the reproachful look of pity the clerk had cast in his direction the day he had arrived to draw out his slim deposits. However the clerk was very solicitous as he shoved a bundle of budget literature under the grille into Joe's waiting hands. And it was a curious admixture of stuff, including little pamphlets full of pep-talks about saving, charts and graphs breaking down average incomes, tables of figures

showing why and how much to pay for an automobile, what to expend for repairs, information on housing, depreciation, life insurance, fire insurance, theft insurance ad infinitum.

Joe worked his way through the stuff without cracking a smile. Some of the items were startling, some curious and still others wonderful to behold.

First of all Joe discovered that he was better than average. With \$1,500 a year he was right up near the big bulge of humanity in the middle of the heap. The great middle class, the backbone of the country. That was it, the great backbone of the country, and as far as Joe could figure the backbone did most of the heavy work. Still it was not without pride that he made this discovery.

But the budget was waiting. The Missus picked it up, studying the sheet and reading the instructions. Rent, she told him crisply, was exactly one quarter the income. He figured it out at \$375 and put it down. And the Missus jumped at him triumphantly. Of course Joe knew they were paying more. He scornfully reminded her of the dumps they had examined together. The \$30 per month houses that weren't big enough, that couldn't be heated, that were in an undesirable neighborhood. And to clinch his point he pretended that he was ready at once to go out and find a cheaper house for the sake of the budget. And that was the end of that item.

The cost of fuel was less controversial. The budget allowed \$120 per year or just enough to warm up a house during a mild winter. But food was not so easy, at \$520 per year. The Missus laughed at that one. And Joe wanted to know if the fund included steaks. They'd skimmed the food bill so often that even with two growing kids \$10 a week looked like a banquet allowance.

Clothing was next with a \$300 total, \$100 for Joe, \$100 for the Missus, and \$100 for the kids. It made them both suspicious. If this was an average budget it wasn't meant for them. And yet it sounded reasonable enough. After all \$100 was not too much to pay for decent clothing. A suit for the man, summer and winter clothes for the woman, shoes for the kids, and socks and shirts and underwear, and overcoats. Those were necessities.

#### Incidental Expense

And then electricity and gas, including the expense of operation for a mechanical refrigerator, an electric

toaster, electric iron, and a radio. Plus the tubes and bulbs, plugs and fuses, and a yearly telephone bill. After that came furnishings and doctors, and dentists. This was something of a joke for Joe had two cavities and the Missus three and the kids hadn't been to the dentist in four years. Neither one could afford to be sick although Joe had been down once with appendicitis and the kids both arrived in the world with a hundred dollar price on their heads. And that's where the kids came in under the heading of miscellaneous expense. It was the upkeep, the day by day financial drain, and the desperate hope that, perhaps, they might get on to college. Joe was determined about that. Today a college education was a necessity for every American boy, in fact, the magic key to the American Way of Life. And yet there was nothing saved to date, and little possibility that anything could ever be saved from his salary for education.

After that it was "Books, Magazines and Newspapers," and "Barber and Beauty Shop," and cigarettes at \$75 for a single year. They couldn't give the cigarettes up, nor would they deny themselves a movie once a week.

The next item made Joe hold his breath. It was the toughest one of all, although he had owned too many automobiles to kid himself about the cost. There was no sense dodging. A car was a necessity in his life. It was part of his business, and the greatest part of his pleasure. On weekends it took the family to the country, and a motor trip was the cheapest way in the world of spending his vacation. And the little pleasure rides after a fellow was finished work. And then the hundred little errands to which a car was indispensable. Joe owned one of the cheapest models if not the cheapest. He turned it in regularly since from experience he



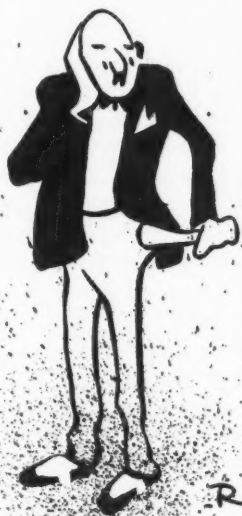
knew that a used car cost as much in the long run as a new car. On the average he paid \$25 monthly installments to a finance company. Still that was only the beginning. Ten thousand miles a year at 2¢ was not excessive driving when all things were consid-



ered. That's how the car knocked the budget into a cocked hat. And it seemed incredible to Joe that he was paying out some \$500 a year for his car. That was one third his annual income.

### The Old Routine

In the end he didn't have to total up the tentative yearly budget to get the answer. Even a \$2,500 yearly income wouldn't have covered it, although he was getting by on \$1,500. Without further comment Joe gathered up the budget and threw it into the garbage can. The next day he was back at the old routine chiseling the tradesmen, stalling the bill collectors, and robbing



one pocket to fill another. And he went as far as to buy a new radio, a lovely gadget, absolutely the latest thing. Joe couldn't resist it, although he spent a bad six months paying the bill. It was finally managed by cutting food purchases, postponing a dozen pending payments, and passing up the Missus's Spring wardrobe. But that's the way Joe Smutts and his wife and kids get by.

Few people who have ever tried to run a home will sneer at the tentative figures that Joe Smutts inserted in his budget. Individually and collectively they are, or have come to be known as necessities. Gadgets are indispensable. Today the home lacking a radio, an electric toaster, an electric refrigerator, gas range, and all those other expensive items is, if we are to believe our economic planners, little better than a gloomy cave. And Joe Smutts and his

wife are of that very mind. They are skimping to buy the gadgets, and they are chiseling their children and themselves out of a reasonably secure future to replace them when they're worn or out of style. And Joe's no fool. He's living the American Way with his car, and his house, and his gadgets and he knows as well as the next man that they don't add up.

It's not necessary to cull through the budgetary items to tell Joe's fortune. A rough calculation will suffice. Assuming that he goes to work at twenty and can reasonably anticipate an active working life of some forty years, Joe's economic value will hardly exceed a grand total of more than \$60,000. Charged against this are forty annual budgets, compiled in the American Way of Life and each one totaling at least \$2,500. Beyond that initial \$100,000 coverage additional provision must be made for ten unrewarded years when Joe and his Missus are waiting to pay the last installment on their lives. Of course it is presumptuous to assume that the children will care for the old folks then. They too will be married and busily engaged in carrying on the fight to pay for all the new, and different, and absolutely the latest mechanical gadgets.

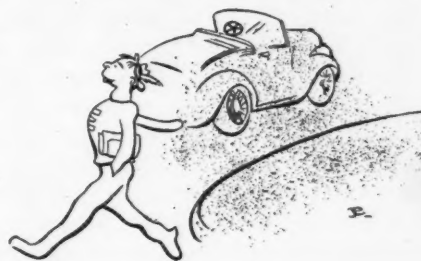
### Decline in Prestige

Unfortunately, as any fool can see, the income and the theoretical expense will never balance, although that's not Joe's fault. With Joe, as with ten million others, each day means something new in economic improvisation not for the sake of food or clothes or shelter but for a music box, an electric ice machine, and most important of all an automobile. Periodically, these wildcat consumers miss a trick, dummy the wrong account, or surrender altogether. The the finance company replevins the car, seizes the ice machine, and the American Way of Life sharply declines in prestige.

And it couldn't be otherwise. As has already been pointed out the average consumer's lifetime economic expectancy will hardly amount to \$60,000 even if he works steadily for forty years. With this sum he must contrive to purchase more than \$100,000 worth of goods in order to maintain the American Way of Life. It can't be done. Even dividing the \$63,000,000,000 national income equitably among all the wage earners will fail to solve the problem by many billion dollars.

However, facts and figures have little validity where the average consumer is concerned. He pays hard cash for luxury gadgets that in a balanced economy would go only to the higher salaried class. And, most criminal of all, he fakes the necessary purchases of food and clothes and shelter.

"Buy!" the business man exhorts the befuddled consumer. And the poor unfortunate is assured that it's his patriotic duty to absorb the endless line of unnecessary gadgets. For only thus will factories go full blast and all men be employed and indirectly all consumers benefit through increased



wages of their own. But about the rising prices contingent to such an economy the consumer has still to hear, for that's the mathematical fallacy deliberately suppressed.

Recently the Government announced that a building boom was in the making. The average consumer was about to buy a house, notwithstanding the fact that he was already buying a car that accounted for any money he might have to spare for shelter. Nor does it matter that the planners are anxious to admit that the consumer's rent money plus, of course, a nominal fee, will more than suffice to carry a home. What counts is the nominal fee. How much is this nominal fee the consumer wants to know. And he'll probably find out soon enough—so much for taxes, depreciation, and the hundred other items familiar to all home owners. Still such formidable expenses hold little terror for the hardened consumer. No doubt he will succumb to the high pressure salesmanship of the building boomsters. He'll buy the house, but, and this is important, he wouldn't sell his car to pay for it, nor his refrigerator, nor his other gadgets, because if he did luxury factories would shut down, men would be thrown out of work, and the whole country would go to wrack and ruin. And what then would become of the American Way of Life? Nothing probably, until Joe Smutts dies of starvation at the wheel of his new car.

# GERMAN LAWS AGAINST THE JEWS

*A complete and factual survey  
of the legal basis of anti-Semitism*

By CURT L. HEYMANN

HITLER'S racial philosophy and anti-Semitism are widely known and have often been quoted from his book *Mein Kampf*. Less known, however, is the fact that his anti-Jewish slogans evolved from an "International Anti-Semitic Congress" held at Dresden in the '80s of the last century. And also not generally known is the fact that of the 25 points of the Nazi Platform adopted in 1920, not less than nine refer directly or indirectly to the Jews. Since these points constitute the program of the party and since it was resolved in 1926 that "this program is never to be changed," the nine points in question may be quoted here, especially as they represent a "sacred formula" for the regime's anti-Semitic legislation:

(4) None but members of the people may be citizens of the State. None but those of German blood, irrespective of religion, may be members of the people. No Jew, therefore, is a member of the people.

(5) Anyone who is not a citizen of the State may live in Germany only as a guest and must be subject to the law for aliens.

(6) The right to determine the leadership and laws of the State is to be enjoyed only by citizens of the State. We demand, therefore, that all public offices, whether in the Reich, in the States, or in the municipalities shall be filled only by citizens.

(7) We demand that the State shall make it its first duty to promote the industry and the livelihood of the citizens of the State. If it is not possible to maintain the entire population of the State then the members of foreign nations (non-citizens) must be expelled from the Reich.

(8) All further immigration of non-Germans must be prevented. We demand that all non-Germans who entered Germany subsequent to August 2, 1914, shall be forced to leave the Reich forthwith.

(9) All citizens shall enjoy equal rights and duties.

(17) We demand land reform . . . abolition of land interest and prevention of all speculation in land.

(23) Of the German press we demand: All editors and contributors of newspapers appearing in the German language must be members of the German people. . . . Non-Germans must be forbidden by law to participate financially in German newspapers or to influence them.



European

"JEWS ARE NOT WANTED HERE": This grim sign symbolizes all the anti-Semitic laws of the last five years.

(24) The party . . . opposes the Jewish materialistic spirit within and without and is convinced that permanent recovery of our people is possible only from within. . . .

It may be observed that in these nine points direct reference to the Jew is only made in two instances, namely in points (4) and (24). The rest refer to "citizens," otherwise omitting discrimination of race or creed. The reason for such careful wording is, however, obvious. It must be borne in mind that with this program the party

was breaking ground and that at the time of its drafting, thirteen years before Nazism attained power. Hitler's anti-Semitic campaign was still in a preparatory stage. Even at that early date, the racial tendency of these "demands" is evident. Citizens, as we by now know, are Aryans only. Wherever the word "citizen" appears "Aryan" should now be substituted for it. Non-Aryans, namely Jews, are to be eliminated. Only Aryans constitute the racial state. They alone shall fill state jobs and be placed in a position to make a livelihood. They alone must be editors of and contributors to the German press and they alone shall enjoy equal rights and duties. Whereas non-Aryans are deprived of all such privileges, point (8) is directed against the influx of Eastern Jews, whose immigration set in after the war, and point (17) is primarily directed against Jewish land ownership and Jewish land-speculation companies.

## *The "Jewish Question" Created*

[There had been no "Jewish question" since the turn of the century.\* The democratic principles of the Weimar regime, no doubt, gave way to anti-Semitic feeling, but it was actually the Nazi party program that made it an issue.† Atrocious propaganda created the Jewish "problem" and on January 30, 1933, Hitler rode into power upon an unprecedented wave of anti-Semitism. Eight weeks later, on April 1, the one-day boycott of the Jews was observed throughout Germany. It was launched as an answer to anti-Nazi demonstrations here, in Great Britain, and elsewhere and was meant as a "defense measure" against foreign defamation. It not only failed in this purpose, but created abroad an increased impression of internal lawlessness as the authorities did not provide Jewish subjects with the protection to which the law entitled them.

\*Even Hitler admits this in *Mein Kampf*: "In 1918, there was no such thing as systematic anti-Semitism. I still remember the difficulties which we met everywhere as soon as one mentioned the word 'Jew'."

†Again Hitler in *Mein Kampf*: "The (Nazi) movement succeeded above all in raising this problem (the Jewish question) from the limited circle of higher or middle-class strata, and in transforming it into the driving power of a great popular movement."



This was exactly what Nazism tried to prevent. The regime had always boasted that it would acquire power legally. Once the "Jewish question" had been created, it too had to be settled by law. Enactment of anti-Jewish legislation was made possible by suspension of the Reichstag (which met for one day on March 23, 1933) and the abandonment of its legislative power, which, for four years, was transferred to the Hitler Cabinet. Thus all articles of the German Constitution which guaranteed civil and political equality to all citizens regardless of race and creed were abolished. Thus, laws were created which were not the product of a legislative body, representing the citizenry, but emerged as dictatorial decrees from the mastermind of the newly created *Fuehrerstaat*.

The Nazi regime went a long way until (in its own opinion) it solved the Jewish question when the Reichstag, assembled for a special session at Nuremberg in September 1935, in connection with the "Party Day of Freedom," decreed a series of laws that put Jews beyond the legal and social pale of the German nation. What have since become known as the "Nuremberg Laws" bear a striking resemblance to the nine points of the original party program quoted above. What took some fifteen years of political development until the final rubber-stamp of enforced legality could be attached to it, is in fact the ultimate touch to that program of action, drafted—as one must admit—with a striking prophecy and executed with deliberate inhumanity.

#### The Nuremberg Laws provide:

(1) That German citizenship with full political rights depends on the special grant of a Reich citizenship charter to be given only to those of German or racially related blood who have proved by their attitude that they are willing and fit loyally to serve the German people and the Reich. This deprives Jews of German citizenship but leaves them the status of State members (*Staatsangehoeriger*).

(2) That marriages between Jews and citizens of German or racially related blood, as well as extra-marital sexual relations between them, are forbidden and will be punished by penal servitude or imprisonment; that Jews must not engage feminine domestic help of German or racially related blood under 45; and that Jews likewise are forbidden to show the German national flag, but may under protection of the State show the Jewish colors of white and blue. (Violations of the last two provisions are

punishable by imprisonment up to one year or a fine or both.)

#### The Jewish Problem Liquidated

The Nuremberg Laws dimmed the last hope of German Jewry, but since they purported to represent National Socialism's final liquidation of the Jewish problem, the Jews themselves—forced to live under the swastika—were ready to accept them at their face value and even to see in them what their originators saw in them—a solution. But future developments showed



International

**BURNING NON-ARYAN LITERATURE:** These publications, banned by the Nazis, probably include many Nobel-prize works.

that these decrees were anything but a solution, that it was not the law itself but its application, and that (because of application and interpretation of the law) the fate of the German Jews was still hanging in the balance.

On November 15, 1935 (hardly two months after the Jewish restriction laws were adopted at Nuremberg), the Government issued the first two executive orders laying down preliminary provisions for their enforcement. They dealt respectively with the establishment of Reich citizenship on the basis initiated at Nuremberg and with the execution of the law "for protecting German blood and honor," viz. intermarriage. It became evident that these orders affected about 1,500,000 persons left by the Nazi ideology outside the security of German citizenship, because they comprised not only the 450,000 full-blooded Jews professing the Jewish faith, but in addition 300,000 full-blooded Jews of the Christian faith or no faith, and 750,000 part

"Aryans" whom the Nazis hitherto regarded as Jewish but of whom only about one-third needed to be classified under the new regulations.

Nor did the law, which according to Nazi practice turned out to be merely a milestone on the road to the liquidation of the Jewish question, set a limit to those whom it degraded to an inferior status. To the contrary, the "ghetto laws" exempted some two to three million persons of 25 and 50 per cent "Jewish blood" who formerly were called "non-Aryans." It has

never been disclosed exactly how many Christians have by the "parent and grandparent clause" thus been deprived of their German citizenship. But the statement of James G. McDonald in his letter of resignation as High Commissioner for Refugees bears full weight under the circumstances.\* The fact remains that despite the multitude of anti-Jewish laws the decree of November 15, 1935, does not define the term "non-Aryan," and that moreover, under Nazi law, everyone is suspected of "non-Aryanism" unless he proves otherwise.

To this end, racial experts are provided by the State to solve doubtful cases, and as far back as 1933, in a wise forecast of things to come, the Minister of the Interior decreed: "If Aryan descent is doubtful an opinion is to be obtained from the expert for

\*"The decision to disqualify as 'non-Aryans' even those whose grandparents had not been Jews, provided some Jewish ancestor could be discovered to have lived after January 1, 1800, undoubtedly augmented the number of 'non-Aryans' subject to discrimination."

racial research attached to the Minister of the Interior." To make sure that no person of doubtful origin remained active in the life of the German community, even officials who had held office since August 1, 1914, had to swear to the following:

I declare officially herewith: I do not know of any circumstance—despite careful scrutiny—that may justify the presumption that I am not of Aryan descent; in particular, none of my paternal or maternal parents or grandparents was at any time of the Jewish faith.

I am fully aware of the fact that I expose myself to prosecution and dismissal if this declaration proves untrue.

### *The Aryan Paragraph*

The so-called "Aryan Paragraph"—created to eliminate the German Jews from the public and cultural life of the nation—represents the basis of anti-Jewish legislation, because it intended, first of all, to sustain all other laws, decrees, ordinances, regulations and explanations issued previously or later to curb Jewish activities. This decree was mainly directed against Jews in the professions, but above all was to be applied against their employment in the civil service, which as a rule in Germany comprises many more groups of workers than elsewhere, and, for instance, includes public health and welfare workers. The law "for the reorganization of the civil service" was promulgated on April 7, 1933, and affected in the first instance some 12,000 Jewish officeholders and about 10,000 dependents.

Section 3, Paragraph 1, of this law says, "Officials who are of non-Aryan descent are to be placed in retirement; in the case of honorary officials they shall be discharged from official positions." Section 8 provides that in regard to these officials placed in retirement or dismissed in accordance with Section 3, they shall not receive a pension unless they have completed at least ten years' service. Section 9 contains further discriminatory provisions in regard to officials placed in retirement.

On July 2, 1933, the provisions of this law were tightened. A new law definitely barred all Jews or persons with Jewish family affiliations from holding any kind of office in Germany. Under it, no person of non-Aryan descent is eligible for appointment as an official of the Reich, the States, municipalities, or municipal associations or any kind of public or legal corporation, institution or endowment. The same prohibi-

tion was applied to persons of Aryan descent married to persons of non-Aryan descent, and Aryan officials who marry persons of non-Aryan descent were to be dismissed. (The "marriage clause" of the Nuremberg Laws later prevented this at any rate.) Similar provisions were decreed for the Reich railroads, the Reichsbank\* and incorporated religious organizations.

In the beginning, certain exceptions were made regarding Jewish war veterans and non-Aryans who had held office under the Empire. Likewise those "who were already serving as officials on August 1, 1914, or who during the World War fought at the front for Germany or her allies, or whose fathers, sons or husbands were killed in action in the World War" were exempt from the general ruling.† But such concessions failed in practice. In fact, supplementary laws, restricting liberal provisions, first in the case of civil servants, then in the case of the professions, were ordained in swift succession. The following paragraph of an ordinance of June 23, 1933, for example, shows to what extent the caprice of the law-maker may go:

In the Social Insurance and Reich Welfare, examination by a non-Aryan physician may be refused by anyone before the beginning of the examination. In this case care must be taken that the examination is made by a capable physician of Aryan descent.

At another instance a local administration was authorized to request the ruling of the Reich Minister of Justice on the war qualification of applicants if it should "hesitate to grant the rank of a combatant at the front, despite the fact that it is so certified in the war registers." Moreover, the "Law for the Restoration of the Professional Civil Service" in its final form was—with an eye to non-Aryan veterans—supplemented by the edict that officials could be retired for the purpose of "simplifying the administration." And finally, paragraph 4 of the aforementioned "Law on Citizenship and on the Protection of the Purity of the German Blood" prescribed that *all* remaining Jewish officials be retired the

\*Dr. Schacht as president of the Reichsbank rebuffed the decree by forbidding his employees to fill out questionnaires inquiring about their race or creed.

†Ninety-six thousand German Jews served in the army in the World War. This is 17.3 per cent of the German-Jewish population and equal to the ratio of the total number of Germans in the army to the total populace. Eighty thousand of them were in the front lines. More than ten thousand (11 per cent) were volunteers. More than twelve thousand German Jews died for their country. This is 12.5 per cent as against 13.5 per cent for all German soldiers. Thirty-five thousand Jewish soldiers were decorated for bravery, 23,000 were promoted and over 2,000 received commissions. One hundred and sixty-five Jewish aviators served at the front; 30 Jewish aces were killed in action.

following December 31. This marked the end of the passing exceptions and the definite exit of the Jew from the payrolls of the Government.

The "purification" of the German civil service by legislative measures, however, represents only a fraction of the entire anti-Jewish legislation of the first five years of Nazi rule, especially if one takes into account the number of persons affected by them. If we disregard for a moment non-Aryans and consider only half a million Germans of the Jewish faith (0.9 per cent of the entire populace), of whom 261,058 were breadwinners, then—according to the census of 1925—these Jews were engaged as follows:

Agriculture and Forestry.....	4,974
Industry and Handicrafts.....	63,276
Trade and Transportation.....	160,106
Civil Service & Liberal Professions..	14,745
Public Health & Welfare Work....	10,626
Domestic Work .....	7,331
TOTAL.....	261,058

Of these, as stated above, only 12,000 Jewish officeholders were discharged under the civil service provisions, leaving still some 249,000 outside the reach of the original "Aryan Paragraph" and its affiliated legislation. The law, too, disposed of them. It was extended, as we shall see, to every sphere of life, to every branch of economic and cultural activity, to each society and to every private or business organization. Anti-Jewish legislation has been virtually stretched to the remotest corner, and what represents itself today as a code within a code covers the last possible loophole in this flood of ukases.

As was to be expected, the anti-Jewish drive of the regime did not limit itself to the civil service. The purge was extended simultaneously to the liberal professions, and the Aryan Paragraph was applied to judges, arbitrators in civil and labor courts, jurors and court officials because they were considered State employees. Jewish judges were dismissed with the explanation that no Aryan could permit himself to be judged by a non-Aryan, and the law went further and decreed that "admission to the bar may be refused to persons who . . . are of non-Aryan descent, even if there exists none of the reasons enumerated in the Regulations for Lawyers."

### *Purging the Lawyers*

Statistics of the practicing legal profession in Prussia of July 1934 seemed at a glance to offer some support for the theory that restrictions against Jews were not being imposed so drastically. Closer examination, however,



will show the contrary. There were at that time 8876 Aryan members of the bar and 2009 non-Aryans, the latter including anyone having a Jewish ancestor within three generations. Two hundred of these were mostly office practitioners, doing legal work but not being allowed to appear in court, so that in reality they became merely superior clerks. But since it is difficult in Germany to practice law without being a notary, the real state of the case appeared in the statistics of those persons licensed to practice as notaries. Of these 4364 were Aryans and only 852 non-Aryans. The Nazi legislators did away with practically all of them.

Herr Kerr, then Reich Commissioner in the Prussian Ministry of Justice, decreed in April 1933 that "the judicial administration can forbid a lawyer to act as counsel pending decision whether use shall be made of the faculty of withdrawing permission." The appliance of this law offered almost unrestricted possibilities, but the exercise of the calling of notaries, reading as follows, was an even more deadly blow to them:

Maintenance of public order and security will be exposed to serious danger if Germans are still liable to be served with documents in legal proceedings which have been drawn up or certified by Jewish notaries. I accordingly ask that Jewish notaries be urgently advised in their own interests to refrain until further notice from exercising their calling. In this connection the attention of notaries should be drawn to the fact that, should they refuse to comply with this recommendation, they will expose themselves to serious dangers in view of the excited state of public opinion. Notaries should be recommended to inform the competent presidents of provincial courts that they will refrain from exercising their calling pending the issue of further regulations regarding conditions applying to notaries.

Final steps for the racial purification of the legal profession were quickly taken. The regime dissolved the German Bar Association and replaced it by the National Socialist Lawyers' Society, and non-Aryans were not admitted to it. The law of April 7, 1933 forbade all German-Jewish lawyers (with a few exceptions) to practice their profession, and the *Anwaltskammer* (Lawyers' Society) consequently published a communiqué, listing only those German attorneys who, after investigation of their German descent, had received a certificate of identity from the commissar.

On August 9, 1933, Dr. Freisler,

leader of the National Socialist League of German Jurists, threatened to boycott Aryan lawyers who would employ Jewish colleagues, and wherever Nazi legislature might have left loopholes, they were tightly closed by application of National Socialist *Weltanschauung*. Even those lawyers who had been front fighters and were granted exception of the law were finally restricted from executing their profession by the practice of the courts. They were at last deprived of their



MORE ANTI-SEMITIC NOTICES: The top sign reads, "Who buys from a Jew is a traitor." The second one, "No admittance for Jews." And the bottom one, "Wives and girls, the Jews are ever corrupt."

privileges by a circular order of October 2, 1935, thus completing (after a drive of two and a half years) the coordination of the German judiciary and legal profession.

#### Jewish Doctors Ousted

The racial policy of the Third Reich did not affect medicine and dentistry as swiftly as the legal profession. But by now, the effect is hardly less drastic. It was first the younger non-Aryan generation of physicians and dentists which suffered from the blows of Nazi legislation. The Prussian Minister of Public Instruction decreed that non-Aryan medical students could not expect to receive permission to practice and the universities followed suit. The

*numerus clausus* was introduced, under which the number of Jewish students may not exceed 1½ per cent of the total enrollment, thus automatically reducing the number of non-Aryan medical students to a fraction. It was then decreed that medical students may take the State examination, but that the doctor's degree would be conferred only if they would renounce their German citizenship and thus "acquire the same rights as foreign students." That was indeed an ingenious decision, coming close to the wisdom of Solomon—because neither Jews nor foreigners are admitted to medical practice in Germany! And, moreover, German medical students must first serve a year as hospital internes—and no Jews are permitted to become internes.

As physicians and dentists already in practice could not be curbed legally, indirect measures had to do the trick. They were expelled from the National and Private Health Insurance Service, depriving them of the basic source of their income. "The work of panel doctors of non-Aryan descent must cease, and further admission of such physicians as panel doctors to the National Health Insurance Service is forbidden," the decree of the Reich Minister of Labor read. As in the case of non-Aryan lawyers in the employ of Aryan employers, the Commissioner of Physicians ordained: "Aryan physicians must be substituted by Aryan physicians only. . . . The same principle applies in the case of employing an assistant. . . . Common practice between Aryan and non-Aryan is prohibited."

The law was again tightened by supplementary orders issued by Dr. Wagner, Nazi Commissar for the medical profession, on Aug. 19, 1933.

Some concessions were made in the first wave of brutality and Jewish physicians and dentists were admitted to panel practice if they had been front soldiers or had lost an immediate member of the family in the war. But the term "front soldier"—as in the case of the legal profession—has been applied rigidly and often arbitrarily, and even those admitted to practice suffered under many handicaps. The physicians' association of Cassel concluded a contract with the city under which the city obligated itself to send no panel patients to non-Aryan physicians. One of these, possessor of the Iron Cross of the First Class, brought action in court to upset the contract. The Court ruled against him.

The anti-Jewish drive against physicians continued with such vehemence that it became a boomerang to the lawmakers. An extraordinarily large number of physicians and dentists were unable to qualify as Aryans, and on December 18, 1935, the concession had to be made that "if the proportion of 'non-German-blooded' physicians should be below the proportion of such persons within the population, a 'nationally and morally reliable' Jew may become a doctor." Thus, for a while, despite various restrictions, Jewish doctors were able to carry on until all of them, under the Compulsory Insurance Law, which went into effect on January 1, 1938, were definitely excluded from panel practice. It was the heaviest loss they could suffer, and in Berlin alone it meant the end of earning a livelihood to some 800 Jewish doctors and physicians who were reported to have been engaged, at least in part, in such panel practice. Of the 52,000 physicians in Germany at the beginning of 1933, some 8000 were non-Aryans, who—unless they were well-known specialists—are hit by the Nazi ban. Now, even the fate of such specialists, according to the laws adopted by the Reich Cabinet last December, remains in the hands of the Reich Chamber of Medicine.

#### Education—Purely Aryan

What was decisive for the health of the German nation was of even more importance for its educational systems. German youth had to be saved from non-Aryan influence, and the field was to be reserved for the tutors of German stock—professors, lecturers, instructors and teachers in schools, colleges and universities alike. The legal purging process moved in two directions: elimination of non-Aryan teachers and restriction of Jewish pupils and students.

The percentage of Jewish university teachers was higher than that in the general field of education, despite the fact that a university career for Jewish scholars was hard to achieve. Of 4958 university teachers in 1925, about 200 (4 per cent) were Jews, whereas of 21,700 higher officials (in the category "education and instruction") only 270 (1.3 per cent) were Jews. But it was not the higher percentage of Jewish college professors that led to their complete ousting. It was partly due to the fact that of the forty German Nobel Prize winners eight were Jews (Ehrlich, Franck, Haber, Einstein, Wallach, Meyerhof, Warburg, and

Willstaetter) and three (Heyse, Hertz, and von Baeyer) were non-Aryans—much more "alienism" than was good for Germanic sciences!

German instructors for German universities! was the announcement of the Government, followed by a number of laws curbing "alien antagonists." Where exceptions were first made and non-Aryans remained with universities, the German Students' Organization (*Deutsche Studentenschaft*) ordered students not to attend their lectures. On December 22, 1933, it was announced that admission to new colleges for teachers would be closed to persons of non-Aryan descent. On November 5, 1935, it was ordained that non-Aryans would no longer be permitted to retain the title of professor in Germany.

As to public schools, amendment to the law (issued December 24, 1933) provided for the removal of Jewish representatives from the Prussian School Administration, and rabbis were eliminated from local committees of education, putting an end to the last possibility for the Jews to have any voice in school administration in Prussia. The decree repealed the law of 1920, which was based on the imperial law of 1906, and provided that in every district where at least twenty Jewish children attended the common schools the rabbi with the longest service should belong to the board of school inspectors and also to the board of directors.

On April 25, 1933, the law "against the alienization of the German schools and high schools" decreed in Section 4:

In making new admission care should be taken that the number of German nationals who . . . are of non-Aryan descent does not exceed, among the number of pupils attending each school and the faculty, the proportion of non-Aryans to the total population. This proportion shall be uniformly fixed for the whole of Germany at 1.5 per cent. In reducing the number of pupils and students because of the overcrowding of the professions, the proper proportion should be observed between the total number of pupils and the number of non-Aryans.

The curb on Jews, the Government emphasized, was necessitated by the overcrowding of the professions. It was termed as "economic necessity," and an official statement called attention to the percentage of non-Aryans in the higher callings while "the corresponding number of non-Aryans, especially Jews, who in Germany make their living by manual labor is disproportionately small."

The quota law, restricting Jewish students in colleges and universities to 1 per cent, reduced their number to about 1300. Jewish children since Easter 1936 have been isolated in separate public schools in accordance with the decree of the Minister for Culture of September 10, 1935. The separation is not made on the basis of religion. Any child who has either a Jewish father or a Jewish mother is compelled to attend a Jewish school irrespective of whether he has been baptized or not. The decree provides for separate schools if there are twenty Jewish or half-Jewish children in a community. The teachers must be Jewish except where a Jew is not available.

#### German Kultur Curbed

The anti-Jewish curb was swiftly extended to the cultural fields. Germanic *Kultur*, according to Nazi ideology, is the highest exponent of Aryanism, and it was intolerable for the regime that non-Germans should have any part in it. Legal provisions created a cultural ghetto for the Jew. A Reich Chamber of Culture was created on September 22, 1933, supervising literature, press, radio, theatre, film, music, and the arts. Membership was made compulsory for everyone active in these fields and admission was refused to non-Aryans by application of a revised Aryan Paragraph, reading: "Admission to a Chamber may be refused, and a member may be excluded if facts justify the presumption that the person in question does not inspire the confidence or possess the ability necessary for the carrying on of his activity." To be sure, the Minister for Enlightenment and Propaganda ruled that non-Aryans did not possess the necessary reliability and capacity for cultural work.

To be more specific, each Chamber issued its own ordinances. Dr. Paul Goebbels ordered removal of all non-Aryans from the German stage on March 5, 1934. In the field "Theatre and Music" approximately 2.4 per cent Jews were employed, and it was estimated that of 50 leading actors and actresses 10 were Jews. The film law of June 30, 1933, excluded Jews from any part in the production of German films. (The prohibition also applied to American moving picture concerns producing in Germany.) It expelled by a stroke of the pen not only stars and minor artists, but also production managers, stage managers, composers, scenario writers, camera men, sound masters, supers, and the like. Since



August 17, 1935, when the all-inclusive Jewish Cultural Association under the Reich's patronage and control was formed, no Jew can practice any arts except under the supervision of this organization.

Most striking has been the legislation on the German press and a number of ordinances were decreed to safeguard the German *Schrifttum* from non-Aryan influence. Point 23 of the aforementioned party program formed the basis for a flood of laws that finally removed the Jew from journalism and literature. The creation of the Reich Press Chamber was thoroughly in line with Hitler's earliest intentions, and the initial press decree of October 4, 1933, ordering that only he "who is of Aryan descent and not to a person of non-Aryan descent, and who possesses the qualities requisite for the task involving the exercise of a spiritual influence upon public opinion" may be an editor, became fundamental.

The Jew has been ousted from the Reich's armed forces. The Minister of National Defense decreed on March 12, 1934, that the Aryan Paragraph is "to find appropriate application to officers, non-commissioned officers and men in the defensive forces." Some 120 commissioned officers, ranging from first lieutenants to lieutenant-colonels were affected by this order, either by reason of Jewish ancestry or because of marrying women who on the same grounds were classified as non-Aryans. There were, however, few, if any cases in the rank and file, because since conscription ceased great precaution had been taken not to enlist Jews. After conscription was restored, the Nuremberg Laws, exempting Jews in peace time from military service, took care of them.

The law banned Jews as land owners and from land inheritance. In an effort to make German peasants "a new landed nobility," the law of September 29, 1933, proscribed that "only a respectable person who is a German citizen and has German or cognate blood may be a peasant," and that "only a German citizen can be a peasant."

Nazi legislation banned the Jew wherever possible "legally." It was comparatively simple to apply the law against non-Aryans wherever they held salaried jobs or practiced their professions in official or semi-official positions which could be classified as such. It was, however, a more complicated procedure for the state to expel him from his free-lancing activities in Commerce, business, and trade.

There were in these fields mainly two "legal" possibilities which were employed by the Third Reich: first, indirect application of the existing anti-Jewish legislation, and second, creation of new orders and "instructions" by other than government authorities, such as the Nazi Party and its manifold affiliated bodies.

Membership in the trade unions is compulsory—and denied to Jews. The

tained to open new firms, but it was announced that permission would not be given to Jews. At the same time, an order reduced by 10 per cent the quota of manufactured goods that Jewish-owned factories and business concerns might purchase henceforth. Pawnshops in various parts of the Reich were forbidden to accept articles from Jews in pawn or to redeem pawn tickets purchased by Jews. In many



International

COMMERCIAL EXCLUSION: After exclusion from all the professions, the Jews are barred from participation in commerce.

Labor Front is the only authorized labor union, embracing employers, employees and manual laborers—but non-Aryans are barred. The Manual Trades Guild is compulsory for all artisans—but Jewish manual training school graduates cannot qualify for membership. Thus, actually, as a sequence to the letter of the Aryan paragraph, an unwritten Aryan paragraph is in effect.

The ways and means to eliminate the Jew from commerce and business through boycott methods are widely known abroad. Less known are the efforts to "legalize" such action. The direct way to accomplish this was the creation of official and semi-official Councils which included the Aryan clause in their statutes. As to the indirect methods of this legalized boycott, a few quotations may serve as illustration:

Last December, a ruling of the Ministry of the Interior forbade the establishment of new Jewish clothing firms in Berlin. Officially the decree merely provided that permission must be ob-

tain places Jews are forbidden to do business in market places or at fairs.

The economic "liquidation" of Jews that was well under way through party pressure and—as outlined—other "unofficial" methods in 1934, became a part of the Government's official policy in 1935. In October of that year, Dr. Wilhelm Frick, Minister of the Interior, announced new laws to limit the economic activity of Jews in order to obtain "a clean separation" between Jews and Germans and thereby halt what was euphemistically termed "individual actions" against Jews. Thus, the circle was closed and the Jews were driven from their last preserve on which they had been maintaining a precarious hold—business.

Exit the German Jew. He must go, and when he declares his readiness to emigrate (one of the few rights gladly extended to him), then once more the law takes care of him: The Currency Law, under which one-fifth of his property is allowed him, while four-fifths is taken directly or indirectly by the National Socialist Government.

# COTTON FINDS NEW MARKETS

*Growing surpluses and keen competition  
force cotton to search for new markets*

By HOWARD STEPHENSON

THE world grew cotton last year as it has done for ages past. Men eagerly plucked it, baled it, and stuffed it into warehouses. Then they found to their dismay that they had acquired 20 million bales more than they needed. Nature had been too bountiful.

By next August it is estimated that the United States, which produces about 45 per cent of the world cotton crop, will have a surplus of ten and a half million bales. Cotton is the most abundant of the world's crops. The Cotton-Textile Institute believes that 99 out of every 100 persons, the world over, make use of cotton. But American cotton exports have decreased. So has our own per capita use of cotton. We must do something about that surplus or risk economic disaster.

Political pow-wows, government subsidies to desperate cotton growers, frequent changes in policy toward cotton, foreign crops doubled since 1925—these things indicate that we are having a severe case of the jitters, entirely justified by the facts.

We even find it hard to smile at the political clowning while the cotton mountain grows. Perhaps the simplest and certainly the strangest proposal yet made with a straight face was that by Senator Theodore G. Bilbo of Mississippi, who recently urged that the WPA donate a new 60-pound mattress made of "good, clean cotton" to every poor family in the land. Old mattresses would have to be turned in to the Government for destruction.

The Senator made the front pages of the newspapers. But real news of what is being done to meet the cotton crisis is breaking. Cotton fabricators are taxing themselves a cent a bale to support a gigantic marketing enterprise. They have obtained government assistance. Research laboratories have been opened to them. Other industries are receptive. Merchandisers and retail distributors have been enlisted. National surveys are under way to determine the country's ability to absorb more and more cotton. The cotton men are out to prove that they have a better answer than plowing cotton

fields under or burning poor folks' mattresses.

An investigator, gloomily watching Negro workers pile up cotton bales at a Southern warehouse in 1935, noticed that the bales were wrapped with jute.

"Why not wrap them in cotton?" he asked. A check-up revealed that here was a market, right in the cotton fields, for a hundred thousand bales of cotton a year! The cotton fabricators and the Department of Agri-



COTTON ROADS: Rolling a bituminous surface reinforced with cotton fabric.

culture went to work on the problem, developing a suitable bagging made of cotton. Part of the 1937 crop was bagged in cotton. More will be, in 1938 and future years. For over a century growers had been wrapping cotton in a competing, imported material. Until a man with an X-ray mind came along, the obvious opportunity was overlooked.

## War on Jute

This incident inspired the cotton men to examine much more closely the inroads of rival products. They found out that jute is also used for fertilizer bags. The largest fertilizer-market in the United States is the cotton acreage! So now they are working on cotton fertilizer bags. In their own mills, throughout the textile trade, jute was in universal use, as wrappers, as upholstery burlap, as twine. Cotton consumption, the fabricators quickly de-

cided, ought to begin at home! If cotton were to replace all the jute and jute burlap used in this country, it would account for close to a million bales. Something for the cotton men to think about.

The cotton mountain would melt like a snowpile if an ambitious program to reinforce roads and airport runways with a layer of cotton fabric is carried through on a national basis. It takes years to test such a road. The first was laid, with a cotton membrane under a bituminous surface, on a 200-foot stretch near Prosperity, South Carolina, in 1926. W. K. Beckham, maintenance engineer for the State Highway Department, attests that it is still in prime condition.

The Department of Agriculture allocated \$1,300,000 in 1936 for a demonstration of the feasibility of cotton roads under varied weather conditions. Several States have done experimental construction. There are now well over 500 miles of cotton roads in 22 States. A mile of roadway uses up eight to 10 bales of cotton. Here is the potential market: 45,000 miles of bituminous roads which now have to be resurfaced each year, plus 2,000,000 miles of dirt roads. Apply cotton membrane to half that mileage and where would the ten and a half million bale surplus be?

Twenty States have been given a total of 87,000 cotton-covered, cotton-stuffed mats by the Federal Government, for test use on "green" or freshly laid concrete pavements. Cotton is under test in construction of airport runways, and of ditches for irrigation, soil erosion and malaria control projects. In the ditches as on the roads, cotton is used as a lining, the surface being bituminous.

An advantage of the cotton lining is that the bitumen grips the cotton, under the pounding of traffic, and doesn't wear off, squeeze or flatten out. In engineers' language, raveling and erosion are prevented.

## Cotton Houses

But obviously we can't carpet roads with cotton in time to use up this year's surplus. Cotton men are digging into



other new possibilities, with the aid of the Mellon Institute of Pittsburgh. One line of attack is the construction of low-cost houses. At Northport, Long Island, two test houses have been erected, with a cotton covering for the outside wall surfaces. Architects, hous-



STONE OVER COTTON: Cotton fabric makes a pliable and durable base for the new bituminous road.

ing officials and builders are keenly interested because of the importance of utilizing inexpensive materials in the large scale housing program which President Roosevelt has lately advocated.

In the average passenger automobile, according to the Ford Motor Company, about 89 pounds of cotton are now used. One job for the Mellon Institute researchers is to find ways of adding more cotton to cars. Cotton is now used for tire cord, upholstery fabric, brake bands, hose connections, webbings, wire and cable insulations, mudguard extensions, timing gears, fan belts, and a dozen minor parts, not to mention the use of cotton in making the lacquer for the paint job. About five pounds of raw cotton are consumed for the 4.2 pounds of cotton cord fabric in an auto tire. The coming of balloon tires boosted it from 3.7 pounds.

But with balloon tires came the closed car fashion. Steel turret tops stole the market from pyroxylin-coated cotton fabric used for open car tops. Just now there are signs of a trend to the convertible style car, which makes cotton men rejoice. But steel also replaced the fabric tire covers of a decade ago. Now rayon threatens the tire business. It is in use in high-speed, heavy-duty truck and bus tires, though it has not yet invaded the passenger car tire field to any great extent.

Against these losses, cotton pits the amazing new market in trailer construction. Trailer tops are too large

for satisfactory steel turret tops, hence cotton fabric is used. Coated canvas side walls for trailers are popular because they are sturdy and heat-repellent.

But in another sector, another enemy opens fire. Paper is the new threat. Millions of square yards of osnaburgs and narrow sheetings, once used for making bags for all sorts of commodities, have retreated before the Kraft paper bag. Paper bags are cheaper. That is their justification. In 1925, only 10 per cent of the national cement supply, for instance, was shipped in paper bags. In 1936, the figure had risen to 42 per cent. Cotton men claim that cotton bagging is cheaper in the long run because it can be used 10 or 12 times, while paper can't. The new cotton promotion campaign will attempt to convince cement shippers of this.

The paper towel has defeated the old-fashioned cloth roller-towel in industrial use. Paper is edging into the window shade market. Low priced curtains are the newest of paper's conquests.

"Wherever paper gets its foot in the door," said Charles K. Everett of the Cotton-Textile Institute, "it has always been successful in gaining each year a larger volume at the expense of cotton."

#### Rayon Competition

Still another enemy of cotton is gaining strength. Rayon has captured



COTTON CURVE: The cotton fabric membrane can be taken around sharp curves without bunching of fabric.

so much of cotton's territory that millions of pounds of rayon yarns are now being woven in cotton mills. Here are some 1936 figures from the Textile Economics Bureau on rayon production:

PRODUCT	POUNDS OF RAYON CONSUMED	PERCENTAGE OF MARKET TAKEN FROM COTTON
Hosiery, circular-knit underwear, flat-knit underwear, gloves....	57,000,000	95 plus
Dress goods.....	145,000,000	50
Linings.....	29,000,000	80
Marquisesettes, bedspreads, tapestries, draperies, upholstery fabrics....	16,500,000	75

Jute, paper, and rayon are three relentless enemies of cotton in industry, each armed with the deadliest of weapons—lower cost. Cotton men have some hope of driving jute competition back, very little as to paper and rayon.

Had they done nothing about this dwindling market, the mountain of surplus cotton would be twice as high as it is. But here are some specific things they are doing in 1938:

Covering underground pipes with cotton "shirts."

Packaging fruits and vegetables for small retail sales in cotton bags.

Reinforcing roofing materials with cotton.

Mounting wood veneer for wall coverings on cotton sheetings.

All this is pioneer work, shrewdly organized and promoted. But one \$20,000,000-a-year customer simply walked in and planked down his order. This customer is a relatively new industry, the towel and uniform supply trade, oddly miscalled the *linen* supply trade. Industrialists have learned that uniforms for factory workers are a practical safety device! In oil refineries, cotton uniforms lessen

the danger of absorbing poisonous gases through the pores of the skin. They also save the workers' clothes. In many plants in various lines of manufacture, girl workers are now clad in attractive colored cotton uni-

forms, with perky little serviette caps to match. Factory and office workers are supplied with personal towels, fresh ones being delivered each week. Cotton tablecloths and napkins for hotels and restaurants make up another important part of this trade.

### Styling Cotton Cloth

Cotton men look upon all these advances as a series of minor miracles. But the show piece, the biggest and

chines, washing machines, soaps and soap products, laundries, pattern companies and dry goods wholesalers will help with sideshows. Behind the scenes will be the cotton fabricators.

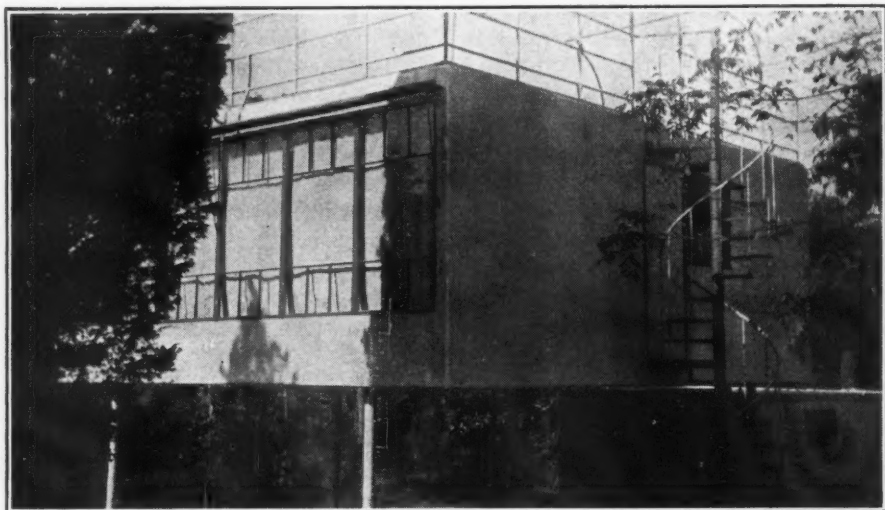
Fashion shows featuring cotton goods wearing apparel will be staged in about 25 cities. Some 600 traveling exhibits will be shown in 45 states.

"We shall have the collaboration of internationally famous fashion designers and stylists," Mr. Everett of

bed sheets. The 90-inch sheet used to be the accepted standard. Now it is the 108-inch sheet, which was formerly limited to higher-priced goods. It is now offered by all types of stores, including the chains and the mail order houses. A 108-inch sheet, of course, contains one-fifth more cotton than a 90-inch sheet.

Bed-sheets, like a good many other household cottons, aren't white any more. The cotton men have become color conscious. The bath towel has become as much a part of the decorative scheme as are curtains, draperies, slip covers and all changeable articles in other rooms of the house.

One manufacturer took the humble dish towel as his pet project. Last year he began styling dish towels with printed floral and geometric patterns. Result: His mill has not yet caught up with orders. Another brand new idea, introduced in the fall of 1937, is a glazed finish chintz which will come back from the laundry without losing its crispness and sheen. A new chemical process impregnates the fabric instead of coating it. Chalk up a victory for the research men!



COTTON HOUSES: This week-end house at Northport, Long Island, may be the first step toward cotton building materials.

most spectacular of all successful attempts to extend the use of cotton has been made with a major weapon—style.

The Mother Hubbard, the calico dress, the plain kitchen apron of other days wouldn't recognize their children in 1938! Slinky evening dresses, cotton lace creations, suits of water-repellent corduroy, smocks, housecoats, pajamas—every imaginable feminine garment, in every hue and pattern. And on the men's side, tropical suitings, seersuckers, a special new "air-conditioned" cloth and a dozen more!

Next June cotton will show off in a big way. National Cotton Week is probably the most thoroughly organized of the merchandising "weeks" on the commercial calendar. Here are the plans for 1938:

Displays, fashion shows, individual and group promotions will be put on by 40,000 retail establishments, including great department stores in metropolitan cities, specialty shops, chain stores, mail order houses and right down to crossroads general stores. Manufacturers of sewing ma-

the Cotton-Textile Institute announced, "and cooperation of mill technicians and research experts. We have established close liaison with thousands of merchandising and promotion experts in wholesale and retail establishments and the cutting-up trades, maintained through distribution of swatch books showing cotton style trends.

"We maintain constant contact—through literally tons of educational material and the shows and exhibits—with key consumer groups, women's organizations, college and high school teachers, home extension workers and other avenues to the consumer's interest. The story of cotton's qualities will be carried directly to the consumer through the fashion pages of newspapers and magazines, in motion pictures and over the radio."

### Larger Bed Sheets

As an example of the effectiveness of this type of industrial promotion, Mr. Everett cited the clever campaign already carried out successfully, in changing the buying habits of the American housewife in the purchase of

### Per Capita Consumption

Color, style, acceptance by the "smart set," production methods that will permit cotton apparel to meet the mass market—these are some of the weapons the cotton men have forged for their vigorous 1938 fight to extend the uses of cotton and mow down the surplus mountain.

Their goal is to bring the per capita consumption of cotton back to what it was a generation ago, when women wore petticoats and men's underwear didn't halt at the knee and the shoulder. In the period 1910-1914, according to the Cotton Research Foundation, the per capita consumption was 27 pounds. By 1935 it had fallen to 20 pounds. If the 1910-1914 average had been maintained in 1935, this would have resulted in an additional domestic consumption of 1,860,000 bales—quite a chunk off the top of the cotton surplus mountain.

The population of the United States has increased by 40,000,000 since 1910. Cotton has not kept pace. But the cotton men are fighting, on the industrial front, the fashion front and the household front. The cotton surplus is a challenge. They are meeting it realistically. They think they have a fighting chance.



# JAPAN'S "BIG PUSH"

*A second installment of a gruesome story,  
describing the great advance in the South*

By CAPT. ANDREW TOLSTOY

TOWARD the end of October it became apparent that Japan was shifting the center of pressure from North China and was massing troops at Shanghai for delivering the final blow. The 22-mile-long Shanghai front had remained virtually unchanged since September 14. The Chinese, contrary to the counsel of their foreign military advisers, continued to bring up more fresh troops and were proudly displaying their successful defense of fortifications in the immediate vicinity of the International Settlement—the so called “show window of the war.” The Japanese Army was being derided for its inability to pierce the Chinese lines, but it was during this very period that Japan was actually winning the war.

By prolonging the stand and by massing 600,000 men on a narrow strip of land, where they could neither be maneuvered nor munitioned nor fed, China was playing into the hands of the invaders. Fortifications are valuable only when, shielding a numerically inferior force, they make it possible to inflict heavy losses on the attackers and to keep the superior force of the enemy at bay. Here the situation was reversed by the effort to create a new Chinese Great Wall built of human flesh. Poorly armed and untrained provincial troops, buttressed here and there with Chiang Kai-shek's best divisions, were exposed on lowlands and subjected to methodical, merciless annihilation by Japanese naval guns, land artillery, and air bombers. Col. C. E. De Watterville, representative of the International Red Cross, placed the Chinese losses at Shanghai at 350,000 men with 175,000 killed. Japan could not possibly hope for a better opportunity to destroy her foe, and continued to postpone the long heralded big push—the general assault of Chinese positions.

From a strictly military point of view, these costly frontal attacks, for shattering the defense lines, were really unnecessary, because the same results could have been accomplished by landing troops in the rear—which the Japanese could have done without

much difficulty and probably without losses. However, this purely academic approach to the problem did not suit the Japanese generals, who saw their prestige at stake; and they demanded that the Chinese first be crushed on the very spot where they made their defiant stand. For them no victory over the Chinese is complete unless it

By November 1 Japanese forces, estimated to exceed 225,000 men, pressed forward and succeeded in crossing Soochow Creek at several points. Finally, on November 6 Japanese troops landed on the shore of Hangchow Bay, about 30 miles behind the already wavering Chinese lines, and the next day pushed toward the Hang-



*“SCORCHED EARTH”: Destruction precedes and follows Japan's advance.*

is accompanied by a demoralizing humiliation.

## **Shanghai Falls**

On October 25, after a fierce battle lasting several days, the Japanese captured Tatchang, and by breaking the defense line there forced the Chinese to relinquish Kiangwan, the North Station, and the whole of Chapei, which they had defended since the outbreak of hostilities. The front receded to the west and re-formed along the banks of Soochow Creek, the Chinese still clinging to the International Settlement. One Chinese “Lone Battalion” continued for three days to defy the conquerors of Chapei behind the walls of a warehouse. This heroic but purposeless gesture came to an inglorious end when the battalion was disarmed and interned in the foreign settlement.

chow-Shanghai railroad and the banks of Whangpoo. The Chinese were unable to localize this threatening movement, and on November 9 their defense lines collapsed and the last remaining contact with the International Settlement was lost.

The battle of Shanghai became a closed chapter. Its aftermath—the stand made by 10,000 Chinese troops in the native section of Nantao—was another unsuccessful gesture of a “Lone Battalion” on a larger scale. It did not delay the Japanese advance and had the same inglorious end—soldiers discarding their uniforms and rifles in order to gain the safe refuge of the French Concession.

On November 10 the Japanese swept southwest of Shanghai and, after joining the forces that landed on Hangchow Bay, routed the Chinese troops

caught in between. The northern sector of the original Shanghai front (Liuho-Kiating-Nansiang) remained intact until November 13. On that day, repeating the operation which proved so successful on their left flank, the Japanese landed a force at Paimouk—on the south bank of the Yangtze, 22 miles above Liuho. This threat from the rear brought about the general retreat along the whole front, which was already rapidly approaching the famous "Hindenburg Line." This fortified line was running from Fushan, on the river, southward through Changshu, Soochow, and between a maze of small lakes to Kashing and toward Hangchow Bay.

### *Defense Lines Crumble*

On November 15 a swift dash brought the Japanese to Pingwang, lying beyond the fortified positions. It meant that the line was penetrated at that point, before the retreating Chinese Army had time to reach it and man the forts. The labyrinth of small lakes, which was expected to impede the Japanese offensive, actually speeded up their progress. For, on approaching the lakes, the Japanese were met by the populace, waving Japanese flags and offering for sale the boats and junks. The Chinese command did not destroy nor even shift these vessels to the far shore, leaving them at the disposal of the invaders. This seemingly small detail is revealing: apparently the Chinese population outside of large centers is not as anti-Japanese as it was claimed—and some Chinese are not averse to selling a boat at a profit, even if the boat is to be used for the destruction of their army. It also goes a long way toward explaining the situation in North China, where small and scattered Japanese garrisons keep in subordination 70 million Chinese, maintain order, and indulge in such unnecessary luxuries as forcing the population of Peiping to celebrate Japanese victories.

On November 20 Soochow was captured, and the entire "Hindenburg Line" was abandoned after lasting only three days. The Japanese were rapidly approaching the last remaining line of defense, starting from the Kiangyin forts, which protected the boom across the Yangtze, then running through Wusih, on the railroad, and to the northern shore of the Great Tai Lake. Beyond that line stood Nanking, from which the Government was feverishly evacuating its offices and archives 600 miles further inland. When the Japanese reached the shores

of Tai Lake, they likewise found all boats and junks ready to serve them, and soon every vessel was flying the Rising Sun flags. Thus, this body of water, calculated to protect the Chinese positions, served only to expose their right flank.

This last line of defense was smashed on November 25, and the ensuing disastrous retreat defies description in terms of military operations. It was a complete rout, devoid of any vestige of organized resistance. A handful of Japanese, which could be easily wiped out, would put an entire Chinese division into a headlong flight. Neither the relative strength, nor the advantageous position, nor the superiority of fire power play any role whatsoever under such circumstances. It might appear baffling to the mathematician, accustomed to deal with figures, but such are the results of a decisive moral victory. The remains of the destroyed Chinese army, no longer able to fight back, became an easy target for the pursuing Japanese bombers. The enormity of losses suffered by the Chinese came to light, when in the last week's drive on Nanking, the advancing Japanese columns counted 84,000 Chinese dead in the field took 10,500 prisoners and captured the following booty: 110 heavy and 40 field guns, 40 anti-aircraft guns, 290 howitzers and trench mortars, 10 tanks, 6 airplanes, 3200 machine guns, 120,000 rifles, 77,800 hand grenades and 4,700,000 rounds of various types of ammunition.\*

### *The Scorched Earth*

The fleeing Chinese troops were deliberately setting fires along their route of retreat, leaving in their wake smoking ruins of villages and towns, completing the destruction left undone by Japanese bombers. This devastation, called by them the policy of "scorched earth," was not motivated by efforts to impede the advance of the enemy; it was merely an expression of the ever present desire to save face and of bitter hatred towards the Japanese.

Kiangyin forts, which withstood five days of siege, fell on November 30 and the Japanese began the demolition of the boom that blocked the passage of their warships. On December 1 the capture of Kwangteh indicated a thrust toward Wuhu in order to cut off the

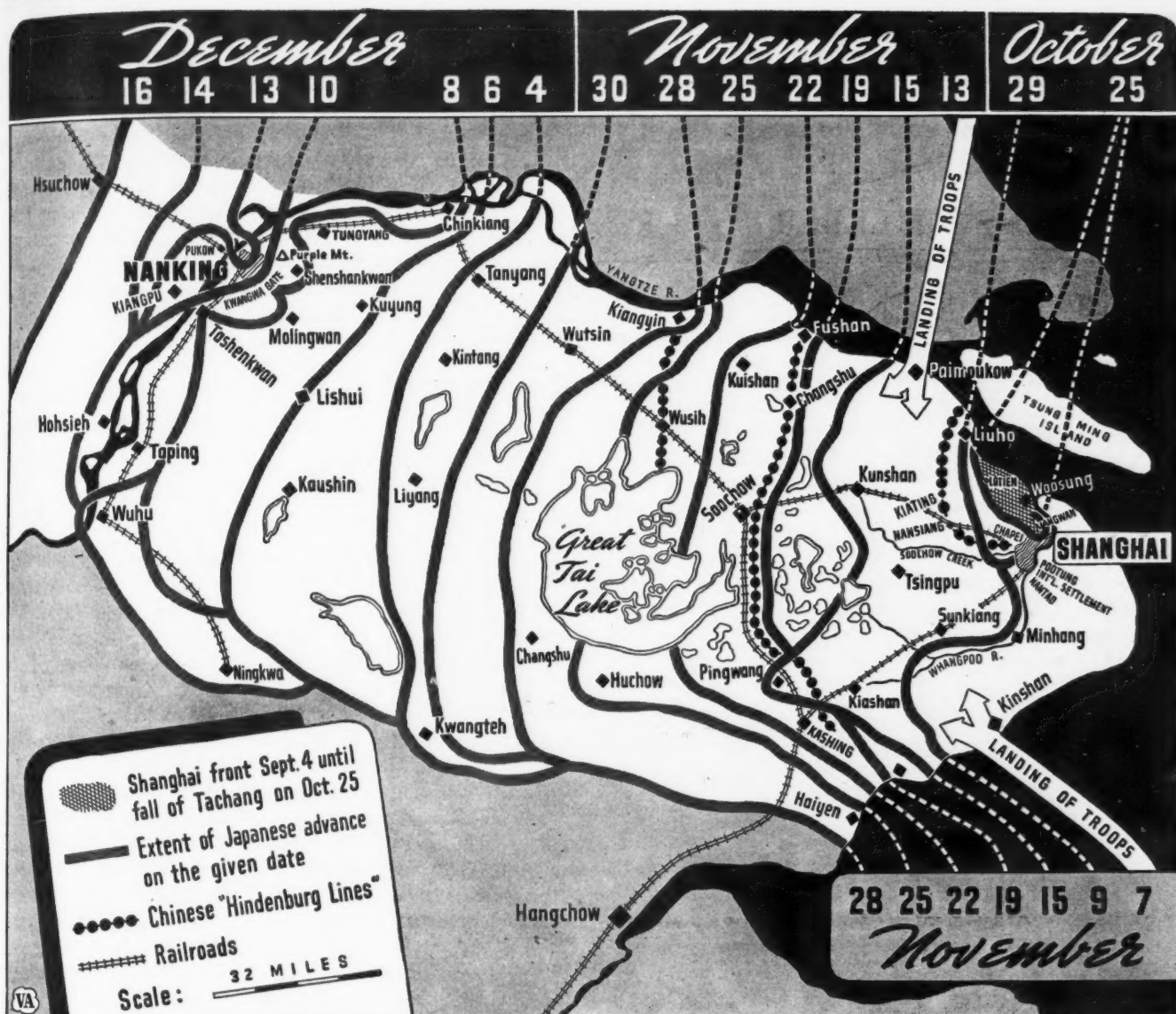
logical line of retreat up-river from Nanking, thus rendering the defense of the capital unthinkable. However, the same group that advocated the policy of "scorched earth" prevailed on Generalissimo Chiang Kai-shek to make the last stand at Nanking. The face saving, they argued, demanded this suicidal gesture—the sacrifice of one more "Lone Battalion" on a gigantic scale.

### *The Agony*

On December 7, the rapidly converging Japanese forces took positions along Tungyang, Shenshankwan, and Molingwan, forming a semicircle 10 miles from Nanking's walls. Their advance patrols appeared in front of the southeastern Kwanghwa Gate. Giving credence to the persistent rumors of his illness, Generalissimo Chiang Kai-shek departed from Nanking, leaving to General Tang Sheng-chih the hopeless task of defending the doomed capital. The Japanese ultimatum to surrender remained unanswered at 12.30 p. m. of December 10—the stipulated time limit. This was promptly followed by the final assault on the Chinese positions. Purple Mountain, dominating Nanking, was captured, and the Japanese batteries installed there had the entire city within their range. Heavy guns, pounding the 30-foot-thick ancient walls, were slowly but surely demolishing the last barrier. The town of Wuhu on the Yangtze, 60 miles above Nanking, was captured the same evening, and the retreat up-river for the remaining 140,000 Chinese troops was cut off. On December 12 Kwanghwa Gate was scaled, and the Japanese penetrated 100 yards inside the walls. Simultaneously five Japanese gunboats cleared the already broken Kiangyin boom and steamed toward Nanking, in order to close the last escape for the Chinese across the river. On the next day the break-up of the Chinese army was complete. While some units fiercely contested every inch of Japanese advance, others fled in boats to the north shore, and those unable to make their escape were discarding rifles and changing their uniforms for civilian garb. No one directed the defense: General Tang Sheng-chih and the majority of the officers deserted their troops. On December 14 the Japanese fleet arrived off Nanking and Hsiakwan Gate, and the last remaining northern exit was captured. Still unaware of being trapped within the walls, scattered groups of Chinese soldiers continued to resist until they were anni-

\*The main significance of this, perhaps somewhat exaggerated list of captured arms, lies not in the quantity but in the nomenclature, because it is known that provincial troops did not possess these modern weapons. Hence the inescapable inference that Chiang Kai-shek's own army, the mainstay of China's armed forces, was also badly defeated, if not altogether wiped out of existence.





THE GREAT ADVANCE: The map shows the successive and rapid waves of the crucial Japanese drive which captured China's key cities and paralyzed her government and industry.

hiliated to the last man. Those who surrendered were dispatched forthwith. This cold-blooded butchery took enormous proportions, when thousands of disarmed Chinese soldiers, interned in the refugee zone were dragged out and shot. Not satisfied with this, the Japanese searched every house in the city, hunting for men of service age and executing all those suspected to have had any connections with the Chinese army.

#### On the Northern Front

Japan, after concentrating her main efforts on the Shanghai front, made on the whole, very little progress in the North. On November 9, after 24 hours of bitter street fighting, Taiyuan, the capital of Shansi, had fallen, and the two Japanese columns, converging upon it from the North and from the East, effected a juncture. They advanced about 40 miles beyond Taiyuan, consolidated the territories en-

closed between the railroads, mopping-up the stragglers but remaining inactive along the Shantung border. The negotiations were still pending with Governor Han Fu-chu, who, holding as a pawn the extensive Japanese properties in Tsingtao, was in a very good bargaining position. The long-protracted parleys came to an abrupt end when, on December 20, all Japanese-owned factories, cotton mills, and buildings, valued at \$87,000,000, were dynamited and burned to ashes by the Chinese in Tsingtao. Replying to the challenge, the Japanese crossed the Yellow River at two points on December 25 and two days later captured Tsinan, the capital of Shantung. Brushing aside the feeble resistance the Japanese marched southward along Tientsin-Nanking Railway, their eastern column proceeding toward Tsingtao and completing the occupation of the rest of the Shangtung province.

Japanese troops, which captured Nanking, after a brief period of rest, resumed the march north along the Nanking-Tientsin railway, aiming at Suchow, the strategic town where the main North-South line crosses the Lung-Hai railroad, which runs westward from the port of Haichow to Sian. This movement rendered the entire line of heavy fortifications—the famous Chinese "Hindenburg Line"—useless because its forts, paralleling the Lung-Hai railway, were built to withstand attack from the North and are of little value against an enemy approaching from the South. When both Japanese armies meet, the vast area of North China conquered by General Terauchi will be joined to the Shanghai-Nanking enclave held by Gen. Iwane Matsui, resulting in a solid Japanese occupation of a territory comprising 400,000 square miles and inhabited by 115 million Chinese. This is the immense objective of Japan's great advance.

# LABOR IN AMERICA

*The record of the railroad Brotherhoods  
is a bright chapter in labor's progress*

By HERBERT HARRIS

*This is the seventh of a series of articles taken from a book by Mr. Harris to be published by the Yale University Press later this year. The eighth and concluding installment will appear in the April issue of Current History.*

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DESPITE the increasing competition of pipe-lines, trucks, buses, passenger cars, and planes, our railroads remain the key industry in the American system of transport. Their grand total capitalization amounts to \$18,883,941,857—a legendary sum still requiring an Einstein, blessed with the hands of a Gargantua, to squeeze out the water. In 1936 such carriers employed 1,065,000 men, paid out \$1,848,000,000 in wages and salaries. And during the past two years while the CIO's strong surges towards industrial unionism inspired furious controversy about the "labor problem," the union-management relations of our railroads have been constantly held up as an ideal towards which other unions and other management might well aspire.

The situation is not without irony. Some fifty years ago when Gould was raping railroads and Vanderbilt milking them and Rockefeller turning their secret rebates into a formidable racket, *The New York Times*, in a single issue of July 26, 1877, referred to striking engineers, firemen, brakemen, and others as "hoodlums, rabble, bummers, looters, blacklegs, thieves, tramps, ruffians, incendiaries, enemies of society, brigands, rascallions, ruffraff, felons, and idiots."

They were, of course, nothing of the kind. They were simply workers who wanted to earn enough to keep themselves and their families in food, shelter, and clothing. They also wanted to retain, without the retaliations of black-listing, their feeble and feckless organizations, which were then not even trade unions, in the sense that they practiced collective bargaining, but merely were mutual insurance and fraternal groups.

Yet even such prerequisites to subsistence living and to self-respect were denied to their employees by the railroad dynasts of that day. The latter

were probably the most anti-social, irresponsible crew ever to appear on the American scene, with their archetype Gould boasting that "I can hire one half the working class to kill the other half." They were "promoters" in the worst connotation of that term. They were committed to the theory that labor is not a collection of human beings, but only a commodity, its price to be fixed purely by current speculative needs of the proprietors, who "disturbed, deranged, disrupted" the national economy like a maniac rider roweling his horse. Their roads weren't built so much as they were swindled and bribed into being by means of fake companies, fake bonds, even fake fraud. Their dividends, paid on monstrously inflated stock, were continued even in the midst of the panic which their devious financial maneuvers helped largely to fasten upon the country in the decade from 1875 to 1885.

In 1877 they discovered that, in order to maintain their credit and to keep up dividend payments threatened by their own excesses of paper manipulation, they had to lower expenses. Then, as now, labor comprised about 63 per cent of operating costs. Hence in June and July of 1877, the Pennsylvania, the New York Central and Hudson, the Erie, the Michigan and Southern, and other lines announced a 10 per cent pay cut. President Garrett of the Baltimore and Ohio gave notice on July 11, that beginning on the 16th, or four days later, all wages of more than \$1.00 a day were to be reduced by 10 per cent.

Such slashes were the signal for spontaneous strikes that ricocheted from the Atlantic Seaboard west to Illinois, south to Missouri. All over the country locomotives were silenced and train movements snarled and clotted.

As a whole the populace was at first

on the side of the strikers. Almost everyone had been mulcted, one way or another, by the railroad buccaneers. Western settlers had found the choicer lands pre-empted by railroads which had acquired millions of acres for nothing as government grants. Farmers had been compelled to fork over "all the traffic will bear" rates for hauling their grain, their livestock, their dairy products. The widows and orphans and other small investors had been gouged out of their eye-teeth by the creation of new shares through a pen stroke. Even the militia summoned by West Virginia's Governor Matthews to quell disorder along the B. & O. line refused, after a first short skirmish, to fire upon the strikers, and mingled with them.

## *Summer's Blood Bath*

It was only when Federal troops, called out for the first time in American history to settle a labor dispute, decamped along strategic points of the B. & O. route that "law and order" was at last restored. It was restored by firing volleys into crowds of strikers and sympathizers.

In Pittsburgh the slaughter became a summer's blood bath. A thousand Philadelphia Hussars were imported by the Pennsylvania Railroad to "clean out" the Smoky City, where the resentment of the strikers against wage cuts had acted like a percussion cap, setting off the pent-up fury of the hungry and the homeless against conditions, causing them to riot and loot. When the Hussars arrived they were met by hostile crowds that surrounded them at the company roundhouse whence the besieged militia had to shoot their way out, killing 21, wounding 29, among them women and children, and losing several of their own number.

For a brief time the railroad owners, the "James Boys in frock coats" walked in fear and trembling. When nothing happened, save imprecations, they began to persuade legislatures to appropriate taxpayers' money to build state armories where, it was hoped, National Guardsmen could be trained to put down "labor violence" with more dispatch and better discipline than they had previously displayed.

The frequency of strikes, the rebellion of men against 14 and 16 hour days, the insecurity of a three or five day work week, the refusal of the roads to install rudimentary safety appliances were all linked with spasms of agrarian revolt against excessive and discriminatory rates, and against the financial sway held by the eastern



March, 1938

railroad capital over the markets and mortgages of the West.\*

Meanwhile, the American people, with their ingrained tendency to curtail too great power of any kind as soon as it assumes obvious proportions, decided that the "Robber Barons" were getting away with altogether too much. Propelled by granger and labor agitation, supported by the public at large, the famous Act to Regulate Commerce was passed by Congress in 1888. It set up a five-man commission to prevent unjust discriminations among shippers. It has been almost annually followed by legislation further limiting private control of our rail carriers. In 1893, the Safety Act; in 1898, the Erdman Act; in 1903, the Elkins Act; in 1907, the Hours of Service Act; in 1908, the Ash-Pan Act; in 1909, the Transportation of Explosives Act; in 1910, the Safety Appliance Act; in 1911 the Boiler Inspection Act; in 1913, the Valuation Act; in 1916, the Adamson Law; in 1918, the Federal Control Act; in 1920, the Transportation Act; in 1926, the Railway Labor Act up to the more recent Emergency Transportation Act of 1933, along with various amendments and refinements of previous legislation, all signify the attempt of the public, through its government, to determine fair and reasonable returns on investments by fixing rates and by substituting orderly methods of adjusting employer-employee differences for the friction and strife of lockout and strike.

The public, of course, has a very special and direct stake in the safe and uninterrupted operation of our railroads. The theory behind gifts of land to them, and loans which were often gifts, was that they performed a function instinct with a public trust. Certainly a large part of New York City's population would starve to death if train service were paralyzed for three or four days.

It is an evolution of attitude which has accompanied, almost step by step, the development of the air conditioned aluminum alloy 1000 m.p.h. streamliner from the old iron monster with boilers that "went out" (i.e., blew up) with dreadful regularity, twisting human entrails with the wreckage of hot twisted metal.†

It is also a case study of how labor uses its political power to wrest con-

cessions and to abolish grievances in the economic sphere. . . .

### The Memberships

There are 128 sub-divisions of American railroad labor, divided into seven broad categories. Executives, officials and various staff assistants comprise 1.1 per cent; professional, clerical and general, 15.7 per cent; maintenance of way and structures, 21 per cent; equipment and stores, 27.8 per cent, while the remaining 34 per

of the 19th century, railroading as an occupation held such high hazards that insurance companies refused to consider engineers, firemen, trainmen and the like as "acceptable risks." Such workers therefore formed their own insurance firms, paid premiums regularly to protect their families in case of injury or death. And this feature resulted in the accumulation of such vast sums that the Brotherhoods have become heavy investors in almost every sphere of American enterprise, manag-



BIRTH OF A TRADITION: Railroad workers participating in the famous Baltimore strikes of 1877 were mowed down by the state militia, one of the earliest instances in which strikers were fired upon by government agencies.

cent come under the heading of transportation in both its stationary and mutable aspects.\*

Out of a total of 1,065,000 employees, more than half belong to unions which are organized almost exclusively upon a craft basis. There are 20 altogether, four of which—with a membership of 133,700—are affiliated with the A. F. of L. The famous "Big Four," the Brotherhoods of Locomotive Engineers (59,108), Firemen and Enginemen (60,886), Trainmen (116,274), and the Order of Railway Conductors (49,953) have remained outside of any larger labor alignment. Often acting in concert, they have preserved their own autonomy and rights of self-determination despite the pleas and pressures of Gompers, of Green and latterly of C.I.O. chieftains to link fortunes at least on some paper or "joint council" foundation.

Without exception, the Big Four came into being as benevolent associations, not as agencies for collective bargaining. For during the last half

ing their funds with foresight and integrity. In 1922, for example, the engineers were able to build their own skyscraper in Cleveland, Ohio, at a cost of \$1,250,000. They also own the Coal River Collieries in West Virginia where, as employers, they have often been in conflict with Mr. John L. Lewis on the question of unionizing union-owned mines!

The Big Four, counting among their number thousands of the highest paid workers in the country, and being "men of property" who collectively own millions in gilt-edged securities, have been for years noted for their conservatism. Anxious to keep their funds intact in order to pay their insurance dividends, they have been hesitant to go on strike since nothing else depletes a union's reserves with such disheartening speed. Instead they have depended on arbitration, and exploited the fact that their calling renders them indispensable to modern commerce by invoking government aid to gain wages, hours and other demands. In 1916, for example, the Adamson Law making the eight-hour day mandatory on rail-

\*The Populist movement itself was in large part an uprising against the might of the "octopus," the American railroad empires.

†Between 1888 and 1892, for example, 316 persons were killed and 2,582 injured in train accidents, a large proportion caused by defective locomotive boilers.

\*Tabulations as of July, 1936 from U. S. Bureau of Labor Statistics.

roads was rammed through Congress by President Wilson to avert a strike threatened by the Brotherhoods, along with other unions, unless they were granted this working-time maximum.

When America entered the World War the government took over the railroads. Perhaps more flim-flam and nonsense has been written about this topic than anything else in recent American history. In the first place, the only reason that the government had to take control was that such carriers, conditioned to bitter and unceasing competition with one another, seemed unable to visualize the unitary nature of the transportation problem in war time. Faced by the exigencies of moving vast masses of men, munitions and other Martian materials over a great continent, the government found that the unbridled rivalry among railroads rendered it inexpedient to rely upon either their efficiency or their patriotism. A central coordinating body, implemented by the ultimate powers of government, was required to enforce order and cooperation. Hence in 1917 Congress created the Federal Railroad Administration to direct the nation's traffic on rails. On the whole it did an excellent job, modernizing railroad equipment to the tune of \$400,000,000, and returning it to private hands in better shape than it ever was before.

#### *Fortuitous Circumstance*

Government operation during 1917-1920 was the best break that American railroad workers ever had. The F.R.A. had inherited a labor force dissatisfied with its failure to keep its income in step with fast-rising living costs and angered by executive rebuff of efforts to hike its real wages. Its morale was shattered, its loyalty at low ebb. The first thing that the F.R.A. did was to raise pay rates after conducting some very intelligent studies into real earnings as compared with prevailing prices.

But its most long-lasting and valuable contribution was the setting up of well-designed, well-oiled machinery to resolve controversies between labor and management. The various Railway Adjustment Boards, with their equal representation from both sides, with government acting as balance wheel, decided thousands of cases in which conflicts were resolved, usually by unanimous vote. Moreover, the F.R.A. in its various commissions and bureaus was catholic in its view. It recognized the existence of the "common" unor-

ganized laborer, outside the pale of the Big Four's aristocracy of skill, granting the former sizable advances.

When the War ended and the A.E.F. was carried home to civilian life the government prepared to hand the railroads back to their private owners. The workers, however, found no rapture in this prospect. They had been given decent and humane treatment; they were in no hurry to relinquish it. Although wage boosts had not fulfilled their first high hopes, the underlying "atmosphere," the whole new complex of relations engendered by government control, had been distinctly pleasant. They had been at least regarded as men, as people of dignity and importance in the scheme of winning the war.

Sentiment for government ownership was crystallized in the Plumb Plan, named after its author Glenn E. Plumb, brainy general counsel for the organized railroad employees. Briefly it proposed a form of guild socialism under which the government was to purchase, through a bond-issue, all basic railroad properties after putting their valuations "through the wringer," and then leasing them as a non-profit corporation. Earnings were to be used for paying interest, and operating expenses, and for retiring bonds within 50 years. All savings over and above such outlays were to be divided between the government and all employees, from chief executive to track-walker, in accord with an elaborate pro rata scheme.

To "push, popularize, publicize" this idea a Plumb Plan League was formed with Samuel Gompers doing the honors as president and Warren S. Stone, grand chief of the engineers, doing the work. The organization, with more zealotry than precision, claimed a following of six million drawn from railroad labor in general, the A. F. of L., the Non-Partisan League, the Farmers National Council and other sodalities of agrarian discontent. The League established headquarters in Washington, button-holed Senators, pushed Representatives into a listening corner, and created a weekly newspaper "Labor" \* as Big Bertha in its educational battery.

#### *Gone "Plumb" to —*

Yet the Plumb Plan's proponents were licked before they started. It was not alone the Bolshevik menace which the press obligingly discovered as the motive propelling its backers. Nor yet was it entirely the pressures

exerted by railroad financiers upon Congress. Government control of railroads had been, after all, a war-time, an emergency measure. And soon after the Armistice was signed, the American people, with a sudden shudder of revulsion, turned away from anything identified with the war. And by the time Distinguished Service Medals began to be displayed in pawn-shop windows, and very cheap they were, even then, the nation's deepest desire was that return to normalcy that Warren G. Harding crystallized into a slogan and the presidency.

After six days of hearings, of cross-examining the Plumb Plan's advocates, the House Committee on Interstate and Foreign Commerce tossed it out of the window with the statement that it "was more firmly convinced than ever that government ownership is not, and ought not to be, the solution of the problem" and that "the so-called Plumb Plan is impossible."

In the attempt, however, to allay employer-employee tensions already evoked by the impending return of the roads to private operation, Congress in 1920 passed the Transportation Act, part of which called for the establishment of a Railway Labor Board, precursor of present-day apparatus for railroad durability. It had nine members appointed by the president with the Senate's consent. Carriers, labor and the public, each had three representatives.

No similar body in American annals ever faced a more complex and troublous task. The Board was charged with the obligation of fixing "just" wage-scales and working rules for 1,950,000 railroad employees of extremely diverse occupation. It had to meet the issue of wage-increases that had been postponed through 18 months of dickerings. It had to begin its job amid the turmoil of post-war readjustments when the forecasting of the country's economic future was any crystal-gazer's guess. It had to conciliate workers smarting under the summary rejection of the Plumb Plan by the House Committee. It had to overcome the suspicion of management that it might develop into that bogeyman of business, "government interference" that really interfered. It had, finally, to adjudicate differences between management and labor when all other moves for mediation had failed.

From its first day it encountered the intractability of muddle. Almost immediately, for example, it had to define and rule upon the question of

\*The publication survived the purpose of its founding and today is one of the two leading labor journals in the United States.



a "living wage," a quandary needing a Solomon's judgment. For during the war while wages in other industries, like building, and steel and motors, had been keeping pace with rising prices, the income of railroad workers, in terms of buying power, had steadily declined. Yet they had been genuinely patriotic, carrying out their duties in letter and spirit. They had refrained from capitalizing on their crucially important position to make more money by going on strike.

As soon as the Railway Labor Board was set up, however, they looked to it to make up for their losses. The board was bombarded with statistics by the able and astute W. Jett Lauck, then consulting economist for the unions. His compilations showed that, in view of the period's inflationary prices, an annual wage of \$1700 for example would have to be boosted to about \$2100 to render pay envelopes "real." His figures marched like a Roman legion over the long road of testimony stretching before the Board. His estimates were countered by accountants and statisticians for the railroads who declared that the latter would be bankrupted if they granted any such increases which, in toto, amounted to a billion dollars.

After weighing the pros and cons of perhaps the most exhaustive arguments about the "living wage" ever heard, the Board handed down its decision of a \$558,000,000 general raise. Even so, nobody was particularly pleased although union leaders acknowledged that at least the Board had tried to do the "right thing."

"While the decision," said President Carter of the Locomotive Firemen and Enginemen, "of the labor board did not come up to our desires, or our expectations, yet I cannot recall a single instance where a wage . . . settlement of any kind proved to be absolutely satisfactory to everyone concerned; and just as long as we have wage bargaining I feel confident that the same situation will exist. . . ."

In part, of course, such opinions were voiced to counteract in advance any move by employers to reduce payrolls. Yet that move was made almost at once. In the summer of 1920 the pale sun of post-war prosperity suffered a sudden eclipse. Retrenchment in business generally reacted quickly

and unfavorably upon railroad revenues. Instead of earning the 5½ per cent intended by the Transportation Act, returns were cut to 3½ per cent. The ratio of operating expenses to income mounted to 94.37 for the fiscal year, the highest on record. By January 1921, Class I railroads alone were in the red for \$958,399,000. Only three alternatives seemed open to officials for restoring profits.

### Saving Strategy

They could raise freight and passenger rates. But this was inexpedient since



The Louisville Times  
The Mountains Labored . . .

the railroads, to meet the higher wage bills of the Board's recent award, had passed the cost onto their customers by already boosting all rates from 25 per cent to 40 per cent. The shipping public was inclined to believe that such excessively high charges were partially responsible for the business recession. The second possibility was to augment the volume of traffic—a feat coterminous with curing the collapse itself. The third course was to cut expenses; and since labor still constituted about 63 per cent of all operating outlays, the railroads assumed the role of Indian giver. They went before the Board and in effect demanded that they be returned the wage-raises they had but a short time before allowed. Their employees were furious. They had seen the roads gain inordinate profits and they felt that they themselves, having just obtained some ap-

proximation of their proper due, were once more being compelled to "take the rap."

And after countless and tumultuous sessions, the Board determined that the railroads had just cause for lowering wages. It therefore ordered pay reductions all along the line, reductions that in many cases canceled out the gains that labor had recently achieved. And in so doing, the Board dug its own grave and then expired from "labor complaint" in the form of the "Big Strike" of 1922 which was a direct outgrowth of the Board's "cut wages" verdict.

Despite the sad fate of this experiment, however, the principle of the government as arbiter in railroad industrial relations was too important to be abandoned. On May 20, 1926, President Coolidge signed the Railway Labor Act, designed to cure the defects of previous legislation, and which was amended in 1934 to enlarge the scope of "government meddling" by laying upon the industry the legal obligation to arbitrate and "confer out" disagreements between managers and men.

Currently the National Mediation Board (set up by the Railway Labor Act) enters the stage whenever a road and its employees, or several roads and a union or unions, are unable to get together on wages, hours, work conditions. The Board's various "adjustment" branches iron out obstacles when the railroad interprets an existing contract to mean one thing, and the union construes it to mean something else, usually the opposite.

Moreover, as its trump card, the Board can fall back upon a clause in the law creating it which calls for a second "emergency" board to be appointed by the President if and when the regular machinery of mediation breaks down.

During the past four years the National Mediation Board has functioned with notable success; and its very existence encourages officials and union leaders to settle their controversies by themselves since the prospect of "having to go through it all again" is seldom alluring.

So far the Board forms the most fool-proof technique for the peaceful and "common sense" adjustment of capital-labor disputes that we in America have yet devised.

V. F. CALVERTON

*Cultural Barometer*

EVER since the end of the World War, art throughout the western world has become dynamically and melodramatically nationalist. It would almost seem as if art suddenly rediscovered itself, in terms of a nationalist birthright which it had neglected, forgotten, or discarded. In Mexico and the United States that development was most happily and challengingly conspicuous. In the former country, artists turned back to Mexico's past, to the Indians who constituted the nation's heritage, and in drawings and on walls and canvasses depicted the Indian's struggle against his oppressors and gave dramatic form to his odd and interesting but everlastingly simple way of life. In the dance and in music and folklore, Mexican artists searched the country up and down and far and wide in quest of native materials out of which indigenous themes could be wrought. Forgotten aspects of Aztec, Mayan, and Toltec civilizations were unearthed and under the leadership of Dr. Gamio and the famous Mexican composer, Tatanacho (Ignacio Fernandez Esperon), this folklore, musical and Terpsichorean, was introduced to contemporary Mexico. Best known of all, in this struggle for native identity, were the paintings of Orozco and Rivera, who caught on their canvasses as well as in their murals something of the Mexican spirit in its more arresting and striking forms. In the United States poets like Mary Austin and others turned back to the American Indian but on the whole our Indian heritage did not prove a very fertile source of inspiration. In Mexico Indian *mores* triumphed over European, and today almost every Mexican of any note has Indian blood in his veins and finds in Indian culture the secret of his way of life. In the United States, on the other hand, Indian culture was swept away along with the Indians themselves, with the result that all that can be discovered of it is on the reservations where the lingering Indian tribesmen are now segregated. Wherever the Indian has not met that fate, however, which means in many other Latin-American

countries, painters and sculptors and writers have tended to return to the aboriginal types for the content of their art.

In the United States, the return has been to the old European-American types who first settled the continent, along the Atlantic Seaboard and then as trail-blazers in the West, and there we have the work of the midwestern artists of today; Benton, Wood, Currie, and others, as the best example of that tendency. The day when American artists went to France, to study and starve in Paris studios, and spend their lives as futile imitators of Cezanne, Matisse, and Picasso, has passed. Today American artists, as Thomas Craven has so well shown, have said farewell to Paris, flung aside their adoration for French technique and French abstractionism, and decided to study under American artists, in American studios, and work out a technique of their own in terms of the materials at hand, before them, around them, about them.

*Palestinian Art*

If we turn away from the Mexican and American developments in this direction, about which so much has been written already, we find in many other countries similar developments which merit consideration. One of the most notable of these has been the development of Palestinian art within the last two decades. One of the best painters produced by modern Palestine, and at the same time one of the best authorities on Palestinian art, is Elias Newman, who in a number of articles has described the struggle which Palestinian artists have been forced to wage before they arrived at their present position of comparative maturity. Mr. Newman shows how the first stage in modern Palestine's struggle to achieve an art of its own was represented by the tendency inaugurated by Professor Boris Schatz of developing first rate craftsmen in metal, wood, and ivory. Through the "tiny hammered brass plaques, the delicate silver and filigree jewelry, the olive wood boxes, and the ivory wood

carvings," Mr. Newman writes, "Professor Schatz succeeded in giving Palestinian art a quality which was not advanced or original but which was inspiring intimate. It was Professor Schatz who succeeded in building the Bezalel Museum and the School of Arts and Crafts in Palestine in which the best works of art conjured out of his influence are now housed. After Professor Schatz's influence receded, Palestinian art entered its second phase, its romantic phase, when the land was pullulating with new immigrants, vital with vision and energetic to the fingertips, and when artists came from all lands determined to make Palestine not only their home but also the home of their art. At first those artists were concerned with the physical difficulties of the environment: the transparency of atmosphere and the relative brilliance of the sun, which made it necessary to readjust the sheer technical aspects of their approach. Once those difficulties were mastered and resolved, these artists set themselves to work upon the extant scene, the life they saw before them, the people they met every day in the streets, on the roads, in the synagogues, on the outskirts of the desert. There was a kind of primitivism about their work—not the primitivism of the untutored or the amateur, but the primitivism of the situation, of the environment, a primitivism remarkably akin to that which is to be found in Mexican art which abounds with a fidelity to the simple, the unadorned, the natural, no matter how ordinary, no matter how unexceptional it may be in terms of the life of the time. What they were all aiming at was the same thing that contemporary American painters are aiming at, namely, a discovery of the meaning of the environment, of the people who constitute the vital expression of the environment, and, above all, a realization of the spirit that gives unity to them as a whole. In the United States that unity finds form in a series of amazing types, agrarian and industrial, which vitalize the spirit of the country better than all the Pollyanistic drawings which bedizen the more popu-



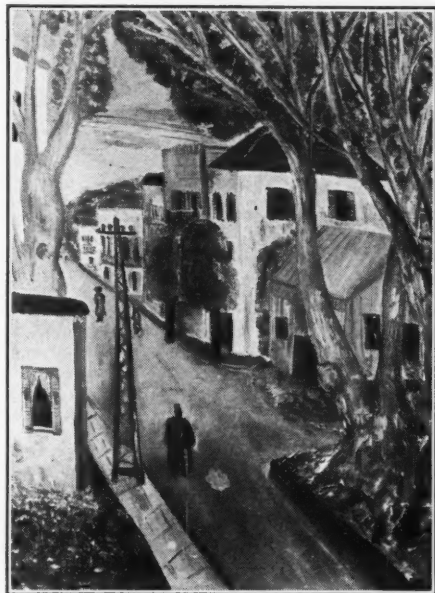
lar magazines and the outlandish caricatures which serve as inspiration for the more radical periodicals.

In Palestine, because the environment was newer, and because the challenge of it was greater, it is not surprising to discover a more rapid growth of nationalist orientation than in other countries. After all, Palestine represented to the Jews not something that was new, not something that was unexpected, but something which was old, anciently old, which suddenly had become new, had become realized, fulfilled, as a dream is sometimes fulfilled long after its memory is withered. For centuries the Jews had dreamt of this nation of their own, where the things they had cherished might be given new birth, more concentrated form, more luminous and incandescent realization. And in the work of these artists of the second phase in Palestinian art development something of that aspiration found fulfillment, just as in the work of David Pinski, Sholem Asch, and other Jewish writers it found, in literary form, another aspect of that fulfillment.

A little later, as Mr. Newman points out, a disillusionment occurred, resulting in confusion and despair. As many Palestinian artists found the Palestinian environment unrewarding in appreciation as well as emolument, they sped back to Paris, or where you will, to retain their interest in modern art in what was then its most dynamic form. But Paris in those days, receding as it was in art influence, did little to solace their craving for unity and solidarity with the basic forces in the universe. They soon discovered that they wanted more than that, but when they returned, as most of them did, to Palestine, they learned, as Mr. Newman has so well described, that by that time they had become "strangers in their own homeland."

The third period in Palestinian art is more fundamental. It goes back to the roots of the land and finds its best expression in the work of those Palestinian artists who try to capture just that aspect of Palestinian life which is most significant in terms of its meaning to life as a whole, regardless of race, nation, or class. It would be useless for me at this point to stress the significance of the Tel-Aviv Museum and other museums which have been dedicated, more or less, to that purpose. What is important at this interval to stress is that the third period in Palestinian art begins when Palestinian artists refuse to go to France,

or to any other European country for inspiration, but insist upon focussing their attention upon Palestinian materials, the Palestinian environment, Palestinian people, Arabs as well as Jews, and it is out of the strange, fantastic amalgam which resulted that an art of their own evolves, freed from French influence, English influence, and the influence of all other European countries. Palestinian art, whatever its deficiencies and there are many, is one



"STREET IN TEL AVIV": An oil painting by Elias Newman from the collection of Dr. A. J. Rougy, New York.

of the most significant developments of a cultural nature in the world today.

There was a period, as I indicated, and as one would expect or suspect, when Palestinian artists, discouraged with the lack of enthusiasm their works received, reverted to more familiar and less adventurous national forms. Today those artists have turned to the soil, and to nature, that eternal spring of inspiration, for what they have to say on canvas or on walls. That root-fact, exemplifying itself in the work of Rubin and Newman, two of the best of Palestinian painters, explains much of what has never been explained before about Palestinian art. Painters in the old days were almost inevitably rooted to the soil, or at least to certain aspects of it, or to people who were inalienable parts of it, and up until the time when cities absorbed and consumed the energies of men the soil continued to exercise its preponderant influence over art. In more recent days, to be sure, when cities have become more dominant, that emphasis has decreased. For that reason, the return to it on the part of

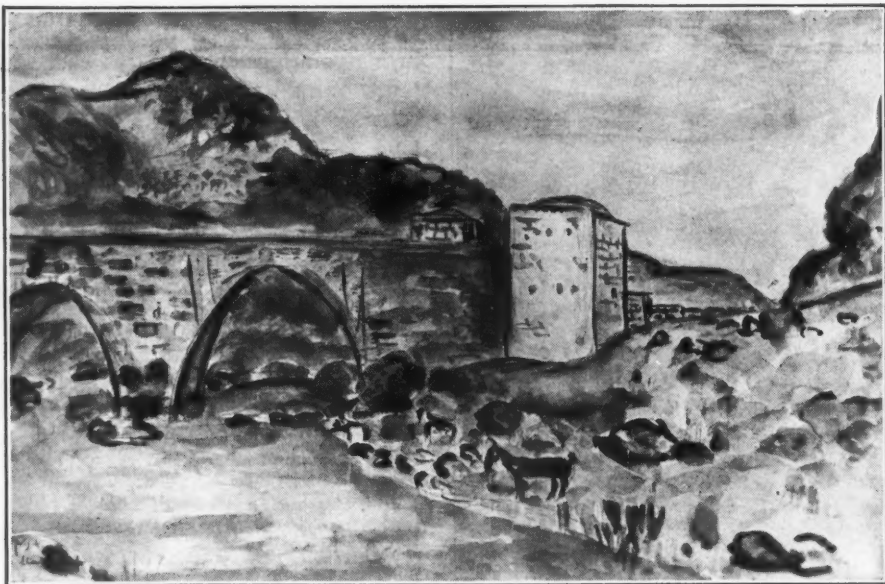
the new Palestinian artists is a healthy, heartening note.

Rubin, the best known of the Palestinian painters, who has been described as the "Gauguin of Palestine," has been the most popular of the Palestinian painters with the American public, which has visited his American exhibitions, praised his work, and bought his canvases. Rubin is a romantic, lyrical artist whose work is imbued with the spirit of Palestine, the rhythm of the country, the magic of its atmosphere and setting. He catches in his paintings the surfaces and contours of the country, the nuances of color which makes Palestine such a land of enchantment, and makes it live more vividly than life itself. His depiction of trees, of roads, of out-of-the-way places, isolated haunts, curious retreats, wayside inns are so simple, so intimate, one can almost feel that one is there with them, in them. He creates a fondness for the land, for the mysterious aspects of its life, its historic memories mellowed by struggle and conflict, its spirit embedded in rock and tree and hill. He does not look toward France or any other country, for inspiration, suggestion, or recollection. Palestine is his concern; Palestine is his interest; Palestine is what he delineates, depicts, and vivifies. The microscopical houses sequestered in the hills, the checkerboard walls which give to Tiberias the exoticism for which it has been anciently famous, the indescribably, indefinably blue sea of Galilee caught unawares at dawn—all these Rubin transmutes into something ineffably strange, but eternally familiar. In a word, he makes of strangeness a thing which is strange in detail, but intimate in essence.

Another artist who deserves appreciative mention in connection with the exciting history of modern Palestinian art is Elias Newman, who, incidentally, is an American citizen who has adopted Palestine as his preferred country. Mr. Newman's work is distinguished for its understatement, its pristine simplicity. There is about it a reserve, a leniency, a resilience which endows it with a certain subtle quality which eludes description. His works in water color are remarkable for their modulations of tone and the nuances of suggestion which they reveal. Like Rubin, he has an obsessing affection for trees in all their altitudinous intersectionary forms, as they stretch across flat desert territory, overhang houses, embroider villages, and vitalize the simplest

house or farm. A student of Moorish architecture as well as Judaic, Mr. Newman, who had a brother who served in the famous Jewish legion under Lord Allenby, who captured Palestine from the Turks in the World War, became fascinated by Palestinian landscapes and horizons when he first visited it in 1925. Since that time he has dedicated his extremely rich talent to the significant task of interpreting the country in terms of its unsurpass-

has set itself to the task of educating the public as to the importance of art values. It is, to quote Miss Sophia Steinbach, one of the ablest exponents of the Federal project, "teaching hundreds of thousands of Americans to share the pleasure of creative experience by practising it themselves. Thus robbed of its professional isolation, art activity has become an important part of the daily lives of average Americans in all sections of the country."



"THE RIVER LITANUS": A water-color by Mr. Newman from the collection of Judge Z. Harakabi, Haifa, Palestine.

able strangeness and wondrousness, and along with Rubin he stands out as one of the finest and most distinguished of the Palestinian painters of the past decade.

Turning away from Palestinian art to the art of this country, something should definitely be said about the significant work which is being done by the Art Teaching Division of the WPA Federal Art Project in its attempt to eliminate the gap which has existed between the American artist and the American public. This country, owing to a considerable extent to its lack of an aristocratic heritage, has revealed less interest in art and artists than any other important country in the world. Young people grow up in the American environment, in American schools, without any sensitive appreciation of art values, without any understanding of what art means, and without any appreciation of art's significance as a world force. The WPA Federal Art Project, realizing that fact,

In short, what the Federal Art Project is trying to do is to get people, however humble, however undistinguished, to become interested in developing their talents, no matter how slight, in order to realize something of the creative experience which any person interested in art invariably and inevitably feels when he is trying to create an art object. What is most amazing and most gratifying of all is the fact that the populace itself has backed the Federal Art Project with such unequivocal and overwhelming enthusiasm. Forty-eight cities and towns in the past year have established community art centers and succeeded in raising funds by popular subscription to maintain them. The new centers, in California, Montana, and Oregon, are scheduled to open in the next few months. Holger Cahill, the national director of the Federal Art Project, has succeeded to a large extent in his work because he previously succeeded in convincing Washington that

the art work in our schools was puerile, and that our art teachers in most cases had "never had an opportunity to see an original work of art."

The Federal Art Project has been more successful than most of the other WPA projects because it has gone direct to the community for its support. Throughout the South, for example, it has organized over thirty art centers, all of which continue to exist because the community is interested in perpetuating them. In a word, it is the community and not the government which continues to keep them alive.

In New York City itself, over thirty thousand children and seven thousand adults have been attending within the last year art exhibits organized by the Project. The result has been that there has been a need for larger centers to take care of the ever larger crowds which flock into the exhibits. In that connection, it is very likely that the Queens center, which is just five minutes from the site of the World's Fair, will become one of the most popular art centers of today. This Queens center, situated in a borough of homes, adapts itself, in *rappor*t with its environment, to the family motif. In Harlem, to turn to another center, it is the Negro motif which predominates. While racial art is not stressed, the Harlem center, nevertheless, provides an unparalleled opportunity to observe the role of racial influences in the art of the nation. It gives an opportunity to the Negro, who has been so ingenious and fertile in the dance and in music, to develop his talents in the plastic arts, wherein his work has hitherto been less conspicuous. In that connection it is important to point out that already Harlem WPA art activities have helped encourage the development of one of New York's most promising younger artists, Charles Alston, who has been in charge of the mural project at the Harlem Hospital, and who, aside from that, has produced some of the most interesting and imaginative work of the present day.

In addition to the activities above described, the Federal Art Project is interested in the Community Centers of Arts and Crafts, which attempts to make every person a participant in the art experience. It aims to give everyone something of the joy of creation, the joy of making something of his own.



# Realm of Science

DAVID DIETZ

SUNSPOTS continue to be one of the chief topics of conversation in the world of science. During 1937 a rapid rise in the number of spots on the sun took place, one of the most rapid in two decades. The present year began with a continued increase in sunspot activity.

During the last two weeks in January, the increase in solar activity was accompanied by unusual displays of the aurora borealis or northern lights in latitudes far south of those in which these phenomena are usually visible. At the same time, magnetic storms of great intensity occurred, disrupting trans-Atlantic wireless communication and interfering with long-distance telegraph and telephone lines.

The connection of sunspots with auroral displays and magnetic phenomena has been known for a long time. In recent years, however, attempts to connect weather phenomena and even business cycles and the general conduct of the human race with sunspots, have been revived.

Dr. Harlan T. Stetson, well-known astronomer of Massachusetts Institute of Technology, has given much time to this problem. It is well established that periods of sunspot maxima are also periods in which the earth receives more ultra-violet radiation from the sun. It has been suggested that either this ultra-violet light itself or its secondary effects upon the earth's atmospheric or electrical conditions, influence mankind, so that periods of sunspot maxima are periods of greater nervous activity.

Dr. Stetson points out that the curve of the Dow Jones stock market averages since 1925 is almost an exact fit for the curve of sunspot numbers during the same period. In support of the hypothesis that sunspot activity is reflected in human activity, he points out that the industrial agitation of the early part of 1937 with its numerous sitdown strikes came during one of the most rapid rise in sunspot numbers in two decades.

While the effect of sunspots on human beings is still a matter of pure speculation, we are on firmer ground when we turn to the physical nature of the spots themselves.

The researches of many astronomers,

notably those of Dr. George Ellery Hale, the honorary director of the Mt. Wilson Observatory, have established the fact that sunspots are mighty whirlpools in the gaseous surface of the sun. Above these whirlpools, in the thinner gases which compose the solar atmosphere, huge hurricanes rage. Winds, thousands of times stronger than any known on earth, cause huge masses of gases, often larger than the earth itself, to move about like puffs of smoke. Sunspots range in size from diameters of 500 miles to as much as 150,000 miles.

It has also been established that sunspots are huge cannon, bombarding the earth with streams of electrons, the fundamental particles of negative electricity. Because of the electrified condition of many of the gases in the solar atmosphere, the whirling sunspots act as electromagnets.

From these powerful magnetic fields, the streams of electrons emerge. Dr. Carl Stormer, professor of pure mathematics in the University of Oslo, Norway, pioneered in the study of the behavior of these electron streams.

He showed that when they got in the neighborhood of the earth, they were deflected by the lines of force of the earth's magnetic field so that few of the electrons could get through at the earth's equator while most entered at the poles.

This explains why the aurora is frequent in polar regions, infrequent in the temperate zones, and never seen at the equator.

## Transplanting Muscles

Disabilities following infantile paralysis can sometimes be corrected by the transplantation of muscles and tendons, Dr. Leo Mayer of New York told the Pan-American Medical Association at its 1938 meeting in Havana. The same method can also be used to correct the damage following many industrial accidents and to correct weakened abdominal muscles.

"In infantile paralysis," Dr. Mayer explained, "it frequently happens that though some of the muscles of an extremity are paralyzed, others retain their normal strength. This produces a muscular imbalance.

"For instance, if the muscle on the inner side of the foot becomes para-

lyzed and those on the outer side remain strong, the foot will turn into a position resembling that of a severe flat foot. The outer border of the foot becomes elevated and the paralyzed individual walks on the inner border of the foot.

"To correct this infirmity and to establish a normal gait, one of the strong muscles is transplanted or shifted to the inner side of the foot in such a way as to replace the action of the paralyzed muscle."

Dr. Mayer emphasized the fact that in these types of operations, the muscles and tendons must be so transplanted as to utilize the gliding apparatus of the paralyzed muscles. This gives the transplanted tissues the same freedom of action which the original muscles possessed before paralysis set in.

## Research Accelerated

America led in scientific research in the world during 1937, spending \$100,000,000 in this field, according to Dr. William A. Hamor, assistant director of the Mellon Institute of Industrial Research of Pittsburgh. Dr. Hamor has just completed a survey of world conditions in research for the American Chemical Society.

He found that every nation in the world has increased its activities in the field of scientific research. He also found that many European countries, fearing war and realizing the importance of their chemical industries in times of war, are building underground bombproof power plants to furnish power for their chemical industries.

Particular progress is being made in the preparation of new synthetic chemicals and these are opening a new era for solvents, plastics, paints, pharmaceuticals and perfumes, according to Dr. Hamor.

Small countries as well as large ones are making progress in research, he finds. Switzerland is leading Europe in pharmaceutical research. The demands for insecticides for fruit trees has led to the reorganization of Palestine's sulphur industry. German chemists are aiding Brazilian authorities in an effort to find a use for surplus coffee.

Numerous advances made by American chemists are cited by Dr. Hamor.

# Highlights of the Law

GUERRA EVERETT

"THE court will rise." Courtly phrases and manners appeared magically in the astonished surprise of a New York City Federal Court holding criminal sessions; aggressive lawyers were deftly repressed; jurymen intently held ear; attorneys replaced idlers in the benches. Willis Van Devanter, retired Associate Justice of the Supreme Court of the United States, was presiding at the trial of a criminal case.

## "I Am Still a Judge"

To eager newspaper men who crowded around, the 78-year-old veteran of momentous causes would vouchsafe no opinions on controversial topics, saying only "It must be remembered that I am still a judge." Meanwhile, in Washington the Fates continued to revolve, threatening the heart of the reverend and learned Justice Cardozo, inducing Justice Sutherland to retire, at the age of 75, from "regular active service" under the Act of March 1, 1937, and elevating Solicitor General Stanley Reed to the supreme bench. The selection of Mr. Reed was received with general satisfaction simply because his professional qualifications are eminently juristic. Bar and public alike anticipate that he will not turn justice into wormwood, nor omit "to take into consideration the times, as well as the circumstances, of facts."

While these notable events are transpiring, groups of lawyers and legislators are quietly at work repairing the general structure of the law, correcting deficiencies and simplifying confused procedures and techniques. The outstanding accomplishment is recorded in a "Letter from the Attorney General transmitting the 'Rules of Civil Procedure for the District Courts of the United States,' adopted by the Supreme Court of the United States pursuant to the Act of June 19, 1934, Ch. 651" (75th Cong. 3rd Ses., House Doc. No. 460, Washington, G.P.O., 15 cents). The rules were drafted by a commission of jurists appointed by the Court many months ago, and are modeled on the Wisconsin plan, prescribing one form of civil action and procedure for both cases in equity and actions at law. Now that the form is the same the lawyer must discriminate accu-

rately between the substance of law and of equity.

Another new product of celebration is the monumental New York City Administrative Code enacted by an extraordinary session of the State Legislature and compiled by a Board of Statutory Consolidation.

The codification of all Federal administrative regulations would appear to be a Quixotic undertaking, yet it is actually in process and scheduled for completion in June. Each bureau has been sent scurrying to examine its current regulations and prepare a tentative codification of them, indicating after each the passage of law upon which it is predicated, and some may be constrained to seek the passage of more law to conjure passages upon which to claim regulations to have been predicated. Many regulations are very old and their origins are lost in antiquity. Now, of course, all new regulations of "general applicability and legal effect" must be published in the Federal Register, but it is necessary to prove the authenticity of pre-existing regulations by the original promulgation. Wherefore the dust is flying in transfer-file vaults and the signatures of long-departed worthies are suddenly endowed with a value undreamed of in the amateur autograph exchanges. It is said that when we begin to codify the laws the days of growth, vigor, and adventure are at an end for the race. Did not Justinian usher in an era of Roman decadence? It was a wise old dandy, however, who said "Don't be a persimmonist, be a possumist." Surely the full destiny of law is certainty, which must imply eventual codification. In the Code of Regulations an approach to uniformity is contemplated by the provision that the form must follow that of the United States Code of Laws.

## Implementing the Judiciary

Deprecating the penchant of judges to concentrate on the essential function of hearing and deciding controversies and to be deficient in the attendant administrative duties, the *Journal of the American Judicature Society*, calling for reform, notes that:

The opportunity now arises, through better knowledge of condi-

tions and needs, and through the avowed desire of Attorney-General Cummings to surrender his department's authority in the judicial department. This proposal to transfer political power goes against all political traditions. It can be ascribed to nothing else than a realization of needs and a statesmanlike attitude.

The proposal mentioned has now taken form in a bill introduced by the chairman of the Senate Judiciary Committee to separate the Federal Courts for purposes of administration from the Department of Justice, which now controls the offices and personnel of the courts. A director, appointed by the Chief Justice and supervised by the conference of senior circuit judges, would assume these functions. The judiciary, indeed, is on the point of coming into its own in several directions. Proposals are pending in Congress for increasing the number of judges, for retirement reforms, and for the substitution of judicial discipline for impeachment. If a judge be wanting in respect of his office, the only remedy now is impeachment, a lethal blow. As juries refuse to convict when penalties are too severe, impeachment is seldom invoked until great notoriety has accrued against a judge for continued misconduct. Meanwhile he may wreck the interests of litigants and the fair reputation of the court. A system of judicial inquest and admonition is suggested enabling the Chief Justice to discover and correct the rare cases of inefficiency and impropriety.

Reforms in Cuba are a little different, and some brethren at the Bar, meditatively sipping a daiquiri, consider them eminently more practical. One new law artlessly ordains that secretaries of entities, societies, foundations, corporations, companies, groups, chambers, etc., of any class or nature and for whatever object must be lawyers, and personal appearance of parties in any court, tribunal or notarial office is abolished—the party will have to see his old family lawyer about appearing for him. Thus is the cycle complete; the charters issued to the companions of Columbus, the great conquistadores, authorizing expeditions into the New World invariably prohibited entirely emigration of lawyers into the new provinces.



# The Religious Horizon

IN A day of dire predictions as to the future of the Church, it is encouraging to find an occasional note of optimism. One heartening note is found in the statistics recently made public by Dr. Herman Weber, editor of the *Yearbook of American Churches*.

Carefully compiled (and "more accurate than any other"), these figures reflect the true condition of religious life in America today. Protestant and Catholic churches and Jewish synagogues are attended each year by more than 30,000,000 persons. Church membership is growing at the rate of almost three-quarters of a million each year. In the past 75 years the number of Church buildings has increased sevenfold. There are, according to U. S. Census reports, 232,154 houses of worship in the United States, and the debts against them amount to only 11 per cent of their total value. During the period from 1800 to 1934, while the population increased by twenty-two-fold, the total membership of churches increased eighty-fold.

Those who are deeply concerned over the welfare of the Church may take heart from these figures. The Church is not dead. Nor is it decaying. It may not be measuring up to all its responsibilities, but it is unquestionably moving forward progressively. This statement is made despite the statistics and charts presented at the recent conference of the National Committee for Religion and Welfare Recovery, which showed an increase of 61 per cent in our national income for 1936 as compared with 1932, but a decrease of gifts since 1932 for the support of churches of 30 per cent. During the same period expenditures for armaments, automobiles, beer, cigarettes, jewelry, radios, theatres, and whisky showed increases varying from 25 per cent to 31 per cent.

Robert Munson Grey, in *I, Yahweh*, a first novel (published by Willett, Clark & Co.) has written one of the most original and important books of this generation. Some conservatives may regard it as atheistic and blasphemous. There is, however, in this "autobiography of God," something deeper than appears to the mind of the superficial reader. Joseph Fort Newton, prominent Episcopal clergyman, said of it: "*I, Yahweh* took a day and

half the night; there was no laying it down . . . it made me want to be a Christian for three whole days. Nay it will haunt me for many a day ahead." The difficult and daring technique of making the Divinity the voice of the conceptions which have combined to give Him the character which men now ascribe to Him is, from the point of view of the student of religion, entirely permissible and defensible.

## Imperfect God

The God whom the Jews gave to the Western world, Yahweh, is not a God of perfection, but a very human God. *I, Yahweh* gives the obverse picture to the usual conception of the unfoldment of God's nature to man, and shows the Divinity being instructed in the various attributes. Amos teaches him that He should be more concerned with righteousness; Hosea, that justice should be tempered with mercy; and so forth. The three things which the book did for this writer were: (1) to stimulate a re-reading of the Bible; (2) to realize how far from true religion, both as to conception of deity and as to the practice of virtue, the majority of present-day Christians (cleric and lay) really are; and (3) amazement at the "haunting persistence" of religion. *I, Yahweh* will undoubtedly cause a great deal of comment and discussion. Such a new approach to history—from Abraham's days to Hitler and the coronation of George VI in 1937—as seen by Yahweh himself, is bound to shake some out of their smug complacency. Because, without overwhelming with moralizing or interpretation, it shows us the kind of people we actually are; it reveals the truth about ourselves and the petty, finite, discredited, almost impotent god we still insist on making in our own image. And the truth is bound to hurt and bring recriminations from those who feel hit the hardest.

## Russian Realizations

This strange persistence of the Christian faith is being recognized by Soviet Russia. *The Baptist and Reflector* quotes this statement of the Russian Commissar of Education: "For the moment we will change our fighting tactics against the Church. During the past twenty years we have used

every sort of force in our fight against religion. That period is at an end. The new period will witness a spiritual fight against religion. This fight will call for even greater effort than violence. Above all we shall need a large number of highly trained and cultured propagandists. When the second period shall be closed, then the third and last period will be entered upon, in which religion in the Soviet Union will exist only as an historical memory."

As yet this "second period" is still in the future. During the preparations for the first "free" election under the new Soviet Constitution in December the anti-religious campaign reached a new high. Heads of both branches of the Greek Orthodox Church, Archbishop Sergei Krutitsky, the acting patriarch, and Patriarch Vitaly of the Living Church which split with the established Church early in the Revolution were denounced. They are charged with crimes varying from terrorist plots against Soviet leaders and espionage for foreign powers to gross moral corruption. The official organ of the Red army and navy asserted that "liquidation of Church spy-nests created by foreign secret services on our territory have exposed a working plan of sabotage in crocks." The Gorky Commune supplemented this by a four-day anti-clerical series describing these alleged anti-Soviet activities of priests. On January 10, 21 Bishops (including the two mentioned above) were denounced as saboteurs and terrorists.

## Russian Opiate

The new Soviet Constitution guarantees freedom of religious worship, but not freedom of religious propaganda. Increasing official pressure on religions has been evident for some time in the closing of more churches. The official press constantly carries articles berating the Communist Party, the Young Communist Party, and the League of Fighting Godless for slackness against the Church. All which seems to indicate that religion in Russia, even after twenty years of persecution and suppression, has greater vitality than the Bolsheviks realized. "The opiate of the people" (or rather the taste of the people for "their opiate") persists. It is apparently indestructible.

# THEY SAY

Translations and Quotations from the Press of the World

(The explosion and destruction of the large munition plant in Segni, Rome, causing more than 200 casualties and damages amounting to several million lire, as reported in the American press on January 30, may have been a manifestation of internal opposition to Mussolini's war activities. This seems highly probable in view of the reports, sent secretly from Italy, of other acts of sabotage in war equipment factories.—Ed.)

## Revolutionary Sabotage

Acts of sabotage have been committed in the Breda factories at Milan where observation and bombing airplanes are manufactured for the Italian Government. Forty of these machines, intended for General Franco in Spain and ready to be taken over by the army, were found to be seriously damaged. Police and factory management have been investigating workers and outsiders suspected of having incited the employees to commit these acts. About 600 men have been arrested so far. Many are still being held. Absolute silence has been imposed upon all factory employees. The arrested have been questioned by functionaries of the Political Information Bureau, established especially to assist the OVRA (*Opera di Vigilanza e Reppressione Antifascista*). This is known as the terror organization of the police.

The Political Information Bureau, with headquarters in Milan, has its offices on the top floor of the building of the *Questura* (Police), and is headed by functionaries who have shown special zeal in repressing political opponents of the regime. The chiefs of the P.I.B. of Milan are Nuvoloni and Ghiringhelli. In the offices of the P.I.B. the antifascists are subjected to extremely brutal treatment.

On December 20th last, Luigi Vitale was arrested in Milan while carrying a leather sack containing gramophone records of the firm "His Master's Voice." These records were intended to be offered as Christmas presents to customers. On one of the faces of the disks was a song and on the other, an antifascist speech.

Many pamphlets signed by the Italian Groups of the *Giustizia e*

*Liberta'* were distributed during the Christmas holidays. At night other small leaflets were pasted on the walls of the popular quarters of the city.

In other cities the fascist police made many arrests. In Verona a manufacturer named Romolo Valesi, a man who is 75 years old, was arrested along with the sculptor Gottardi and a Mr. Tosi, a stationery manufacturer. Mr. Tosi had issued postal cards bearing the portrait of Todeschini, a former Socialist deputy, for the purpose of raising funds to transport the Deputy's remains to another city. Although



Das Schwarze Corps, Berlin

ROUMANIA AND THE WORLD PRESS: As long as we tolerated lice in our furs we were considered a cultured folk; as soon as we got rid of the parasites, we are barbarians.

permission was obtained from the local authorities to do this act, the Police prohibited it on the grounds that this would constitute an attempt to re-establish the Socialist Party destroyed by the Government.

Lack of raw materials has compelled many factories to discharge numbers of workers. Unemployment, as well as the cost of living, is constantly increasing. The workers' wages, however, remain unchanged.

This explains the growing popular dissatisfaction. The number of thefts has been increasing for some time in impressive proportions. Incendiary fires too are increasing in numbers. During the last half of December and the beginning of this year, fires of incendiary origin in Monza, Rivarolo, Verona, Vercelli, Aprilia, Cremona, Bitonto, Udine, Conio, and Ascoli-Piseno have destroyed farms, industrial

establishments and private residences with a total damage of many millions of lire.

The Republican victory at Teruel has revived the hopes of the Italian masses which have always been opposed to Mussolini's intervention in Spain. The latest reports from Ethiopia confirm the gravity of the situation facing the workers and soldiers in Ethiopia through guerrilla warfare.

From *Giustizia e Liberta'*, Paris, January 14, 1938

## Splits in the Fascist Party

Two incidents which happened a few weeks ago in Florence indicate that opposition within the Fascist Party, which exists outside of the Party also, is on the increase. What is new and characteristic in the present situation is that on one side taxes upon the middle classes have increased enormously, while on the other hand, great luxury is noted among the upper strata. Expensive restaurants, which only a short while ago had few patrons, are now well filled. Although the price of furs has increased greatly, one can see many more furs than ever before. Those who display these luxuries are those who already enjoy the war profits, or are families of officers who have been or who are now in Spain.

At the same time the system of all kinds of fines has been greatly increased. Fines for cyclists who circulate without licenses have multiplied. In the evening many can be noticed at the prison doors who arrive there unable to pay the fines.

Recently in a workers' district in Florence a poster was placed on a wall. It was signed by a group within the Fascist Party of the district. The poster said, among other things, "The Capitalists display their riches once again. But the old Fascist Guard is still alive. It is necessary to get out the old cudgels to show that we will not peaceably submit."

Sometime after this a group of persons appeared suddenly in the Via Roma in the heart of Florence. They broke the windows of, and invaded a large clothing store. The streets were closed by the Gendarmes, but the looters were able to withdraw without



being arrested. At the same time posters were again placed which declared: "The store was attacked because of the unsocial attitude of the owner towards one of the working girls." The reporter of the *Nazione* who writes about such events happening every day in this town, published an article a few days later which attacked the attitude of the department store owner, but added that "perhaps other methods besides pillaging could have been found to punish a man of this kind."

—The Italian Correspondent to the *National Zeitung*, Basle, Switzerland, January 5th, 1938.

## Tyrol Blood Brothers

It is known that upon the basis of its racial program Hitler Germany continuously claims the absolute right to



Daily Herald, London

THE PUPIL: "White trash! Get! We've learned all you can teach us and we are drawing the color line!"

"Unite all the Germans into one Great Reich," and to take under its protection all the German minorities of Europe. Mr. Frick, Reich's Minister of Interior recently declared: "We will never agree that Germans who are living under foreign rule should be persecuted merely because they are conscious of their Germanism." It is in the name of this doctrine that the Hitler Government demands the autonomy of the Sudeten Germans and protests against the policies of Czechoslovakia concerning the German minorities.

But why does the German Government tolerate the total decapitation of the German minority which is under the rule of fascist Italy while it is so exacting concerning Czechoslovakia? If there is anywhere a national minority which is greatly suppressed and persecuted it is the Germans of Southern Tyrol. This absolute rule is de-

scribed in the recent publication of the Italian Senator Ettore Tolomei: *Archivio dell' Alto Adige*. It appears clearly that Mussolini and Italy did not hesitate to employ the most brutal methods to de-Germanize the Tyroleans. The hapless inhabitants, who have not one drop of Italian blood in their veins, are compelled to Italianize their names. Thus Pfeifer becomes Faiferini; Oberrrauch, Sorafino; Plank, Bianchi; Steiner, Pietri; Fleischman, Macellari; Fischer, Pesce, etc. The use of German Christian names is prohibited in public. Italian priests refuse to baptize with such names as Walter, Irmgard, etc. No German Christian names are tolerated on the tombstones in the cemeteries. In 1935, Senator Tolomei reports, 1,041 decrees were issued Italianizing 3,000 names of German families. In 1936, 1,144 decrees were handed down to Italianize 368 German families. Naturally Italian is the only language taught in the schools. Moreover, the Government at Rome assists in the weakening of the German element in the province and favors Italian immigration. Hitler Germany looks on in indifference at this policy of annexation, depersonalization and de-Germanization of the 25,000 Germans of Bozen and Meran. Only in Austria is the anniversary of the annexation of Tyrol commemorated on October 11th by flying the flags at half-mast on all public buildings in Innsbruck. The silence of official Germany concerning the strangling of this little people of the Germanic race is very eloquent. Germans of South Tyrol are the hostages delivered to the mercies of Mussolini to cement the Berlin-Rome axis.

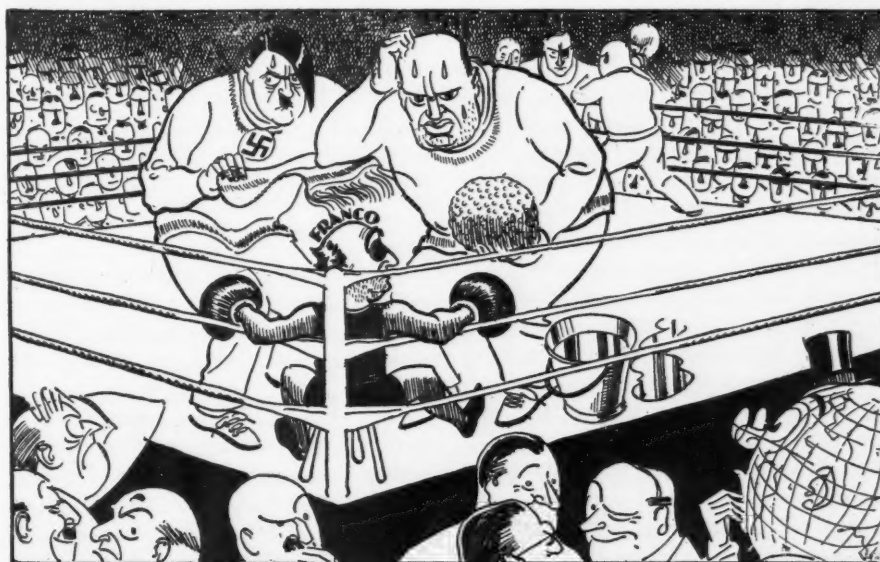
—L'Oeuvre, Paris, January 2, 1938.

## Italian Finances

Pessimistic reports are circulating regarding the financial situation in Italy. These rumors are declared to be exaggerated, if not false, by the admirers of the fascist regime, and are said to be spread purposely by the enemies of Il Duce.

A German newspaper, however, which certainly cannot be suspected of intending to deprecate the prestige of Mussolini, recently published an article on the evolution of prices in Italy. It appears from this article that the increase in prices takes on disquieting proportions. This newspaper, the *Frankfurter Zeitung*, publishes a table showing wholesale price indices of Italy as 77.8 in November 1936 and 95.1 in November 1937. The cost of living is represented by the index figure of 96.93 for November 1937 against 85.51 a year previous and 75.14 in January 1935.

The "political" control of prices established last April succeeded in stabilizing the prices of certain articles of prime necessity. However the prices of imported articles were already 73% higher in May 1937 than in September 1936. The advantage, which originally accrued to Italian exportation because of the depreciation of the lira, tends to disappear. For the first eleven months of 1937 the imports amounted to 12,655 million lire while the exports amounted to only 9,397 million lire. This represents an unfavorable trade balance of 3,258 millions of lire compared with an unfavorable trade balance of only 562 millions of lire in the same period in 1936. The *Frankfurter*



Glasgow Bulletin

Mussolini, and to a lesser degree, Hitler, are both beginning to worry lest they "lose face" with the setbacks experienced by General Franco in Spain after all their backing.

*Zeitung* concludes that these conditions will force the Italian Government to reduce its expenses. In fact, the Italian capitalists are beginning to resist Il Duce's efforts to finance his large enterprises. It has been reported that the new extraordinary measures, proposed to obtain capital, have caused energetic protests despite fascist discipline. These protests seem to have had some effect. Here is something which is liable to calm considerably the famous dynamic drive of the Duce.

—*L'Oeuvre*, Paris, December 31, 1937.

## Il Duce's Pet Democracies

President Roosevelt's message can be considered as an answer to the recent attacks of Benito Mussolini upon Democracy. Il Duce's attack was made in the form of an anonymous article in *Popolo D'Italia* (December 31) concerning the Ludlow Amendment, the latter having as its obvious purpose the sabotage of every possibility of military intervention by the United States, as the amendment provides that no war could be declared without an explicit vote of popular approval. It was easy for Mussolini to predict that this amendment would be rejected.

From this it was possible for him to conclude "that a real democracy is impossible," as much as to say that democracy is a matter of abstract principles and not the question of the fundamental ability of the majority of the people to express themselves freely on basic policy and to put those policies into effect. On this point Roosevelt had to disillusion Mussolini, since the United States belongs to the category of Democracies which intend to live and to defend themselves.

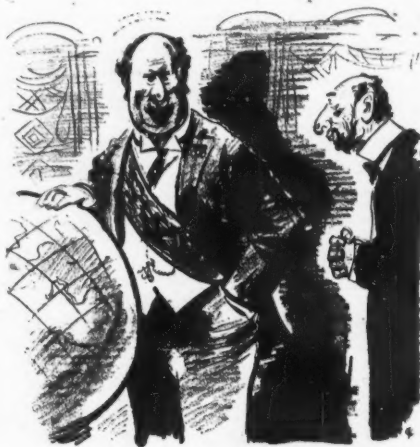
The Italian dictator prefers (and from his point of view, who can blame him?) the democracy of small and weak countries. All his sympathies are concentrated on Switzerland. One must come to the conclusion that Mussolini is the patron of Swiss democracy. Alternately he praises and chides with an attitude of paternal benevolence. After having praised Swiss democracy in a previous article, he called it to task for an article dealing with the Ethiopian War published in the Swiss newspaper *Landboten* at Winterthur. "It is a great blessing" writes the Duce, full of indignation, "that the Italian people do not read the Swiss press be-

cause almost all of it daily insults Italy and fascism and the friendship of the two countries would be greatly impaired." It is unnecessary to point out that this assertion has no basis in fact as almost all of the large Swiss newspapers are reactionary and profascist. This statement made a sufficiently deep impression on Signor Motta (the president of Switzerland) who submitted the question to the Council and caused a humble apology to be published, forgetting that the Duce's article was anonymous.

—From *Giustizia e Libertà*, anti-fascist daily, Paris, January 7, 1938.

## Society of Jews

Professor Alexander Couza, Minister without portfolio stated to the Italian journalists who asked him what would happen if the League of Nations would intervene in the Jewish problems which is now coming to the fore in Rumania:



Il Travaso, Rome

WILL THE HEBREW STATE HAVE COLONIES?

"Excuse me, but where are our colonies?" "All the States having democratic-masonic-parliamentary governments are your colonies."

"The League of Nations is a society of Jews established to dominate the nations. I consider the League a corpse which has not yet been put in the grave."

Cornelius Codreanu, chief of the *Iron Guards* declared: "In foreign policy I am against the Little Entente, against the League of Nations, in which I do not believe. We believe in the Rome-Berlin axis, toward which we orientate our ideas."

—*Le Temps*, Paris, January 16, 1938.

## Rumanian Adventure

On December 28th, Octavian Goga formed his National Christian cabinet. Unless one deliberately intends to bury one's head in the sand, no one will be deceived as to the real program of the new government, despite its trappings of swastika racism, authoritarianism, admiration and imitation of Adolph Hitler, desire to work with Germany—which is considered as the pillar of European Civilization. Reassuring statements will undoubtedly be given us and there will be "transitions." Nevertheless it will be difficult to be deceived.

Mr. Goga has the Blueshirts at his command. Yet despite their German and Italian weapons, the Blueshirts do not represent a great force. The new cabinet will impose its innovations with the aid of an army and gendarmerie which have always been subservient to the King. General Antonescu was the lone general with authority and courage enough to resist the movement, but even he accepted the portfolio of National Defense.

The reforms have begun already. Large newspapers favorable to the National Peasant Party have been suspended. It has been officially announced that all Jews will be eliminated from administrative posts.

The most energetic and successful force militating in favor of the totalitarian idea in Rumania is the Iron Guard. Why haven't they gone over to the Government? The answer is that Mr. Goga is a man of the old personnel and the old clique. In 1925 he was Minister of Interior to General Averescu and had joined the Conservative Party. Mr. Goga will defend the established interests within the framework of racist ideas.

His role is comparable to that which Von Papen attempted to play in Germany at the beginning of 1933. The Iron Guards have aims going far beyond those of the National Christian Party of Cuza and Goga. They aspire for deep social changes. The armed organizations of the two parties have fought against each other—particularly in Bukovina—with hand grenades. German weapons against German weapons. However they do not defend the same ideals. The Iron Guard is directed against the King, against the Dynasty, against Madame Lupescu, against the financiers, and all those surrounding them. The National Chris-



tian Party of Goga defends the established power.

A dangerous adventure begins. On the side of the opposition is the Iron Guard which believes that the logic of events will work for them as it did for Hitler against Von Papen and will soon bring them victory. Their chief Mr. Codreanu, professor of political economy at the University of Jassy—who has never published a single book and has been convicted of plagiarism—is a violent man. He has killed a policeman with his own hands. He believes that sooner or later he will be able to control the King.

Also on the side of the opposition, and they are especially important, are the masses of the National Peasant Party. More than any other organization, the Party expresses the sentiments and opinions of the people. The electoral agreement made between the National Peasant Party and Mr. Codreanu was made only as a temporary tactic move to compel the Palace to capitulate and to end the personal regime. They also have an organized militia, but one which lacks effective weapons, and which would be difficult to set into motion. In addition to this Mr. Maniu, their chief, a Transylvanian protestant of an honesty beyond all doubt, found no support in Paris. He begins to despair of Occidental powers. Hence the alliance into which he was forced to enter on the eve of the elections. Nevertheless, those who know him state that he will refuse to compromise his aims. Even in worse conditions he will not assist Papen (Goga) against Hitler (Codreanu).

What is the spirit, however, which induced King Carol to call Goga to power and to unleash events which may bring about the end of the Hohenzollern throne in Rumania? He refused to let the levers of power—the Army, Foreign Affairs, Police, Finance, and the Bank of Emission—out of his personal control. For seven years he has ruled by splitting the parties; by elevating some of the lieutenants against the leaders. The National Peasant Party broke up that game by its exceptional discipline. Defeated in the elections, the King turned towards the racists. He hopes to oppose the National Christians against the Iron Guards, as he formerly used Vaida Voevodă against Maniu and Tatarescu against Constantin, Brătianu and Titulescu. However in the long run he will be defeated in this business.

This is the future. For the present the first result of the royal initiative

is that Rumania withdrew from collective security, i. e., from cooperation with France and England. It withdrew still further from Russia. The Minister of Foreign Affairs and President of the Bar Association of Bucharest, Istrati Micescu, had those Jews beaten who wished to participate in the elections to the bar. It would be strange to see such a man at the League of Nations meeting at Geneva. What will be the attitude of Colonel Beck and Mr. Stoyadinovich on such an occasion? What will become of the Little Entente, already considerably loosened since the Conference at Bratislava in September 1936? Will the isolation of Czechoslovakia become still more accentuated?



Uncle Sam has resolved to increase his expenditures on warships very considerably, in fact to the extent of \$1,000,000,000 (Japanese papers please copy).

One question imposes itself upon the French and Czechoslovakian governments: the rearmament of Rumania. These two governments would be unwise to continue to loan their money as if nothing had happened. Good words will not be sufficient to calm them. We have believed in the existence of Royal Fascism *sui generis* which has nothing in common with the two great totalitarian states. Today our mistake is obvious.

—*Portinar* in *L'Europe Nouvelle*, Paris, January 1st, 1938.

### Arabs in Franco's Army

The correspondent of the *Orient Arabe* (French newspaper in Djibuti, French Somaliland) reports that he received from well informed Spanish sources the news that among the prisoners who had surrendered to the

Loyalist army in Teruel there were many Arab soldiers from Yemen and Lybia. These prisoners declared that the Italian authorities had sent them from Abyssinia to Spain, where, without their consent they had been incorporated in the armies of general Franco. The Arabs from Yemen said that they had not joined the Italian army in Ethiopia as soldiers, but had been hired as laborers.

—*Journal des Nations*, Geneva, January 18, 1938.

### Italian Settlers in Ethiopia

The correspondent of the *Orient Arabe* (French newspaper published in Djibuti, French Somaliland) writes to

his paper that alarming reports are coming from Ethiopia where famine is threatening Italians and Abyssinians alike. The inhabitants of Abyssinian villages leave their homes and join the armed bands which roam throughout the whole country for the sole purpose of attacking convoys to get food. Travellers arriving in Djibuti affirm that among the pillagers are many Italian, Eritrean, Somali and Arab deserters, who, unable to live on their soldiers rations, desert into the mountains with their arms and equipment. The peasants hide their meagre crops very carefully, and sell exclusively for Abyssinian thalers, the only money in which they have confidence, refusing to accept Italian liras. The Italian settlers apply in great numbers to the authorities to allow them to leave the country and agree to abandon everything they may have earned.

—*Journal des Nations*, Geneva, January 19, 1938.

# CHRONOLOGY

## Highlights of Current History, Jan. 7-Feb. 3

### DOMESTIC

**JANUARY 7**—President Roosevelt sends three nominations to the Senate, changing the diplomatic corps considerably. The nominations are as follows: Joseph P. Kennedy to succeed Robert W. Bingham as Ambassador to Great Britain, Hugh R. Wilson to succeed William E. Dodd, resigned, as Ambassador to Germany and Norman Armour, Minister to Canada, to be Ambassador to Chile.

**JANUARY 8**—The President at a Jackson Day dinner, declares a "no compromise" fight against autocratic control over the finances and industry of the country.

**JANUARY 10**—The Ludlow resolution, providing that a national referendum be taken before the country shall go to war except in the case of an invasion, is kept from consideration on the House floor by a vote of 209 to 188. The Speaker, Representative Bankhead, reads a note from the President attacking the resolution.

Lammot duPont, speaking at Washington, says that his company expects a decline of 23 per cent in sales during the first six months of 1938 but nevertheless intends to spend \$38,000,000 on new construction this year.

**JANUARY 11**—Five of the leading industrialists of the country, A. P. Sloan, E. T. Weir, L. H. Brown, M. W. Clement and C. M. Chester see basis for better understanding after talking with the President. Donald R. Richberg sat in as unofficial observer.

**JANUARY 14**—President Roosevelt declares that the dissolution of all holding companies is his ultimate objective. He added that whether they existed in the public utility fields or whether they were top or intermediate concerns mattered not. Holding-company control of banks and operating utility companies were particularly specified by the President.

**JANUARY 15**—Stanley Forman Reed, Solicitor General since 1935, is nominated by President Roosevelt to fill the vacancy which will exist in the Supreme Court when Justice Sutherland retires January 18.

Wendell L. Wilkie, president of the Commonwealth and Southern Corporation, in an effort to protect the investors of his company, offers to sell its entire Southeastern utility properties to the Federal Government.

**JANUARY 16**—An "inventory" sampling by the National Institute of Health of the United States Public Health Service, with a \$4,000,000 WPA grant indicates that approximately six million people are sick on an average winter day in the United States.

**JANUARY 19**—With the dedication of a new factory for Diesel engine production and the largest laboratory in the world devoted exclusively to the study of Diesel problems, the General Motors Company discloses plans for the mass production and sale of small, lightweight, all-purpose, oil-burning engines.

**JANUARY 20**—Colby M. Chester, President of

the General Foods Corporation and chairman of the National Association of Manufacturers, testifies before the Senate Commission on Unemployment that the majority of big business expects a definite upturn in business during 1938. Mr. Chester suggests a modification of the undistributed profits and loss tax and the capital gains tax.

In a speech widely regarded as the President's answer to dictatorship charges, James Roosevelt, son and secretary to the President, denied that his father's plan to reorganize the executive branch of the government was an attempt to pave the way toward a dictatorship.

**JANUARY 21**—Roosevelt's objective of industrial self-regulation for national recovery gains a step as representatives of leading manufacturers in the automotive industry and sales financing companies confer with the President.

**JANUARY 22**—Benjamin Fairless, President of the United States Steel Corporation, writes the Senate Unemployment Committee that prices cannot be reduced without reducing costs and that the costs may be reduced substantially only by reducing wages.

Sixteen major oil companies located in the Midwest are found guilty by a Federal jury in Wisconsin of criminal conspiracy to raise and fix gasoline prices.

**JANUARY 23**—In a report submitted by Joseph B. Kennedy, dealing with the activities of the Maritime commission during the year ending October 25, the commission declares that though they have recommended remedial legislation, no lasting cure can be effected until a more cooperative working arrangement is reached by the unions and ship operators.

**JANUARY 24**—The Securities Exchange Commission rules that, beginning February 8, no person, for his own account or the account of a customer, shall effect a short sale of any security on the exchanges at or below the price at which the last sale of the same security was effected.

**JANUARY 25**—President Roosevelt in a statement prepared for and presented at a press conference declares his opposition to wage cutting as a way to reduce prices.

**JANUARY 26**—Donald R. Richberg outlines his program for enabling business to regulate itself, under governmental supervision. Mr. Richberg urges revision of the anti-trust laws with three principal objectives in mind: clearer definition of monopolistic and unfair practices; establishment of an administrative body empowered to pass on the *prima facie* legality of cooperative business activities; and provision that such administrative approval would protect against criminal prosecution, although not against civil suits for illegal combinations.

**JANUARY 27**—Senator Burke of Nebraska tells a subcommittee of the Committee on Judiciary that the NLRB is a "curse" to labor and is partly to blame for the present recession.

Frederick Steiwer, Oregon Republican, resigns from the Senate to return to his law practice.

The Falls View International Bridge is toppled over by an ice jam in the gorge of the Niagara River 500 yards from Niagara Falls.

In a report by a committee for the study of the organization and administration of the New York Stock Exchange, headed by Carle C. Conway, a paid president for the Exchange with almost dictatorial powers was recommended.

President Roosevelt nominates Robert H. Jackson, Assistant Attorney General, to the position of Solicitor General.

**JANUARY 28**—President Roosevelt calls upon Congress to authorize a huge increase in the national defense program of the country. The President warns Congress that the present national defense is inadequate "in the light of increasing armaments of other nations."

**JANUARY 29**—Dr. Glenn Frank, chairman of the Republican committee on program, speaking to the Republicans of the nation, warns that the fascist program of the New Deal threatens to Hitlerize what was once Democratic self-government.

**JANUARY 30**—Labor's Non-Partisan League is denounced as "nothing more than a C. I. O. agency, a ventriloquist's dummy, for C. I. O. leaders," by William Green, President of the A. F. of L. Mr. Green recommended to the executive council to withdraw completely from the League.

**JANUARY 31**—The House Committee on Naval Affairs is told by Admiral William D. Leahy, Chief of Naval Operations, that the political conditions of the world at this time are far more threatening than at any time since 1918. Admiral Leahy defends the administration's \$800,000,000 naval construction program, saying that the Navy must be maintained at a strength which will prevent a challenge by any foreign powers to America's national policies.

Justice Brandeis reaches two opinions sustaining some challenged powers of the N. L. R. B. in the Supreme Court. The opinions hold that the Federal District Courts could not enjoin hearings by the Labor Board because Congress had given exclusive power to the Board to enforce the Wagner Act.

**FEBRUARY 1**—The United Mine Workers of America, cornerstone of the C. I. O., widened the split between the C. I. O. and the A. F. of L. by voting unanimously to strike out all mention of the A. F. of L. from their constitution. John L. Lewis lashes out at industrial espionage and wire-tapping in governmental departments.

Sharp debate, takes place in the Senate over the foreign policy of President Roosevelt, Senator Borah arguing that this country is risking war by letting the world believe that the U. S. is in "tacit alliance" with Great Britain for building up their navies.

**FEBRUARY 3**—President Roosevelt finds the "small business men" becoming a collective boomerang. They were called by the President to work out a recovery formula. However, in the last of their disorderly sessions, they pass resolutions calling for the repeal or modification of many New Deal measures.



## INTERNATIONAL

JANUARY 10-12—Italy, Austria, and Hungary—signatories of Rome Protocols of March, 1934, by which they agree to consult on foreign policy—meet at Budapest; Austria and Hungary agree to recognize Spanish rebels, refuse to leave League or join anti-Comintern pact, although objecting to present form of League and opposing Communism.

JANUARY 10-13—M. Micescu, Rumanian Foreign Minister, visits Prague and Belgrade to assure Czechoslovakia and Yugoslavia that no immediate change is contemplated in Rumanian foreign policy.

JANUARY 17—Premier Stoyadinovitch of Yugoslavia visits Germany to discuss "cooperation calculated to serve the peace of Europe and to inspect German arms factories and airports.

JANUARY 17-19—Representatives of Irish Free State meet with leaders of British Government to discuss partition, land annuities, trade and defense; final agreement left for more detailed negotiations, but discussion considered successful.

JANUARY 25—Three Italian planes, one piloted by Bruno Mussolini, fly to Brazil, via Dakar, to seek airplane orders.

JANUARY 26—Hundredth session of League Council opens.

JANUARY 27—Messrs. Eden, Delbos, and Litvinov reaffirm support of League. By avoiding open debate on future of the League, great powers manage to check flight of small powers. Article XVI to remain in Covenant, but individual States are expected to use their discretion in applying sanctions. No action taken over issues of Rumanian anti-Semitism and Japanese aggression in China.

JANUARY 28—Former Premier van Zeeland of Belgium publishes report on international economic cooperation, advocating removal of obstacles to trade; bilateral agreements; multilateral tariff truce; retention of most-favored-nation clause, save for regional agreements; revision and extension of tripartite agreement of September, 1936; gradual removal of exchange restrictions and readjustment of foreign debts and granting of temporary credits through Bank for International Settlements for countries otherwise unable to abandon exchange controls.

JANUARY 29—League of Nations refuses help to China, pending U. S. leadership; Secretary Hull and Senator Pittmann indicate that U. S. policy will not change and that U. S. will not take lead in helping China.

JANUARY 31—League of Nations resolution "trusts" that League members will aid China within limits of "feasibility."

FEBRUARY 1—British Government takes step to revive international lending; borrowers from any part of the British Empire will be able to obtain long-term loans in the London market.

## SINO-JAPANESE WAR

JANUARY 10—Japanese capture Tsingtao, port of Shantung.

JANUARY 11—Japanese Cabinet, Privy Council, and Chiefs of Army and Navy meet together as Imperial Council—only convoked in three previous crises—to discuss policy in China; reports hold that Council decides only to deal with a Chinese government that will resist Communism

and will cooperate with Japan in economic development of China.

JANUARY 14—Japanese advancing southward from Tsingtao, closing pincers on strip of coast between Shantung and Shanghai, meet Chinese at Tsinsing, where Chiang Kai-shek is now in local command.

JANUARY 15—Japanese Cabinet and military and naval staffs decide upon "resolute enforcement" of Japanese policy in China.

JANUARY 17—American Ambassador makes formal protest against damage to American property by Japanese troops in Nanking. Japanese prepare for new drive on Hankow, Chiang Kai-shek's new capital, while Chinese continue guerilla tactics.

JANUARY 18—Japanese withdraw Ambassador from China, and Chinese Ambassador leaves Tokyo; Japanese assert that diplomatic relations have only been broken with Chiang Kai-shek's government and not with China as a whole, and they prepare to recognize puppet regimes; Chinese declare puppet governments are "unlawful organizations."

JANUARY 24—General Han Fu-chu, Governor of Shantung, shot for yielding to Japanese.

JANUARY 25—Nanking scene of riots as Japanese troops flaunt discipline and celebrate victories.

JANUARY 26—John M. Allison, third Secretary of American Embassy in Nanking, slapped by Japanese sentry while attempting to investigate an alleged assault; Japanese army spokesman claims sentry was doing his duty. American Ambassador in Tokyo instructed to make "appropriate representations."

JANUARY 29—Large Chinese forces reported advancing towards Shantung Province.

JANUARY 31—Japanese arrange accord reuniting Hopei Province and autonomous East Hopei under the new Peiping puppet Government.

FEBRUARY 3—Japanese advance over three routes to capture Pengpu, key city in defense of Suchow, the strategic junction point of the Tientsin-Pukow and Lung-Hai railways.

## SPANISH CIVIL WAR

JANUARY 10—Both rebels and Loyalists claim successes outside Teruel.

JANUARY 11—Dutch freighter sunk by submarine off Alicante.

JANUARY 14—Americans play important part in defending Teruel against counterattacks.

JANUARY 16—Rebel bombers from Majorca increase attacks upon Barcelona and Valencia; Loyalists claim increased Italian intervention, and bomb Salamanca, General Franco's headquarters, in retaliation against rebel attacks on civilian population.

Rebels claim to have gained ground around Teruel.

JANUARY 20—Rebels hold American tanker, *Nantucket Chief*, reported carrying oil to Spanish Government.

JANUARY 27—Loyalists reassume offensive north of Teruel.

JANUARY 30—Rebel planes kill hundreds of civilians in Barcelona—Franco's answer to Defense Minister Prieto's proposal that Loyalists would cease reprisals if rebels quit bombing rearguard cities.

JANUARY 31—British steamship *Endymion* torpedoed off eastern Spanish coast; 11 lost. Regular Cabinet of 12 replaces rebel junta as government of insurgent Spain.

FEBRUARY 1—Loyalist Parliament meets secretly in monastery near Barcelona. Great Britain sends eight warships after "pirate" submarine.

FEBRUARY 2—Great Britain requests France and Italy, partners in the Mediterranean anti-piracy patrol, to sink at sight submarines found submerged in the patrol area. France agrees promptly; Italy delays in promising support of new program.

## FOREIGN

## France

JANUARY 14—Following flight of capital, labor difficulties, refusal of employers to confer with employes, Premier Chautemps forced to resign. Socialists withdraw their nine Ministers from Cabinet; Communists resent Chautemps' conservatism. Finance Minister Georges Bonnet called upon to form Cabinet.

JANUARY 18—New Cabinet, formed by M. Chautemps, fails to gain participation of Socialists, while Communists are excluded; with promised Socialist support, new government claims parliamentary majority of 322 out of 617 seats.

JANUARY 21—Chautemps Government receives 502-1 vote of confidence in Chamber of Deputies; observers attach little significance to vote and regard present government as transitional.

## Germany

JANUARY 27—Reichstag session, called for January 30, cancelled.

JANUARY 30—Torch parade of 25,000 Storm Troopers, celebration of fifth anniversary of Nazi regime, lacks the wild enthusiasm of its predecessors.

FEBRUARY 2—Marshal von Blomberg, Minister of War, resigns, following opposition to his marriage by officers' corps; General Goering aims to take his place.

## Great Britain

JANUARY 13—Church of England Committee on Doctrine upholds theory of evolution.

## Rumania

JANUARY 18—King Carol dissolves Parliament, elected last month, before it meets and announces new elections for March; opposition parties protest against this unconstitutional move.

## Russia

JANUARY 12—Soviet Congress meets in first session, is hailed as freest in world.

JANUARY 16—Boris Shumiatsky, chief of motion-picture industry, dismissed after production of "Treasure Island."

JANUARY 18—Purge within Communist Party ranks called off and orders issued for reinstatement of thousands expelled from Party membership of jobs.

## Mexico

JANUARY 19—President Cardenas raises customs duties on major imports from the United States by 100-200 percent, with intention of eliminating all but machinery imports.

## *The Camera's Story of History-in-the-Making*

### OPIUM IN THE FAR EAST

THE poppy is a magnificent red flower. From the seed head, after an incision is made, exudes a thick white juice abounding in opium. No one can say definitely just where and when this opium juice was first diverted from medicinal use and employed as a narcotic. Probably it was in the Mohammedan Orient where it is still used extravagantly. However, it is known that at the beginning of the eighteenth century Chinese traders introduced it into Formosa, and from there to the opposite coasts of China. Today, the periphery of its use includes all the Far East, touches Australia in the South, Manchukuo in the North and spans the Pacific Ocean to the coast of America.

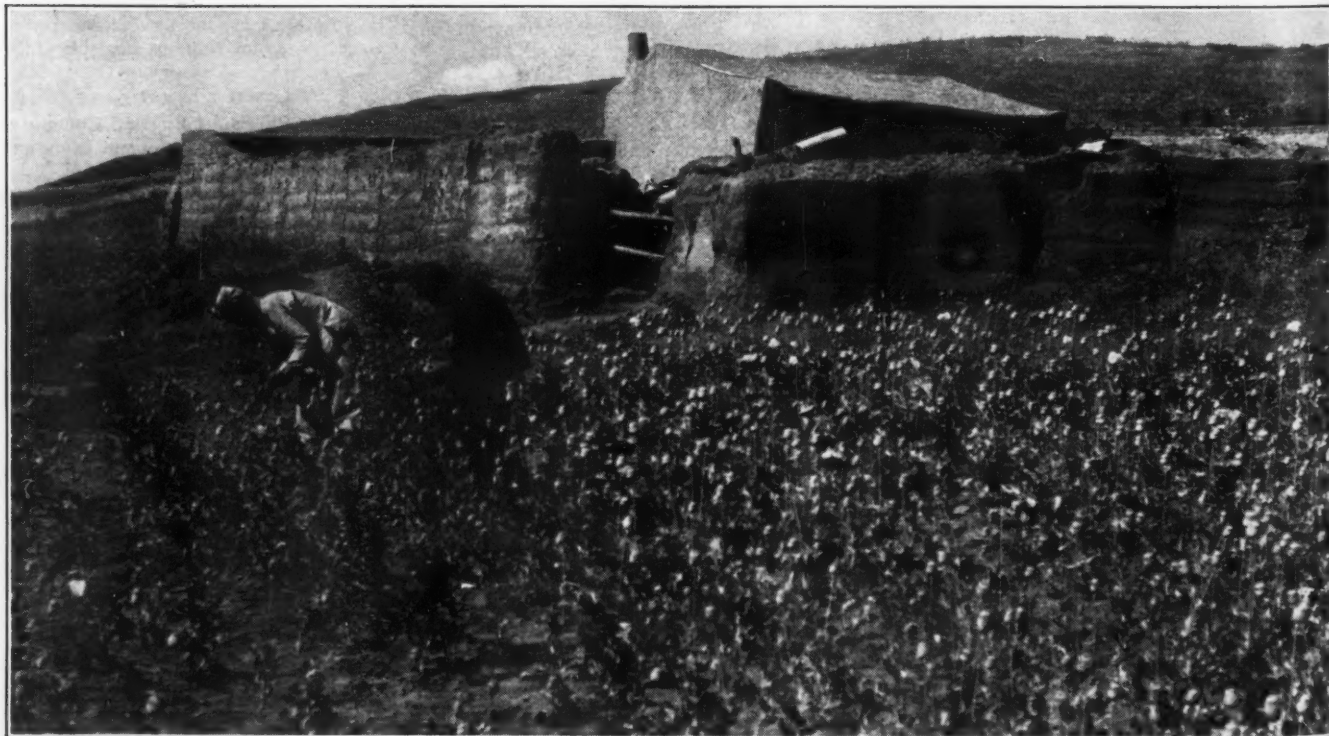
The use of opium is a passion, a passion glibly justified by those who, finding their immediate environment insuperable, seek escape into the world of unreality created by the opiate. And it is, in fact, an enchanting world to the smoker of opium, a world devoid of bodily pain and emotional attrition. Still, the price of purchase for this dream world is far too high for the ordinary being. It is a price weighed in human degradation and measured in human misery. It is the price of vice.

In China alone, 40 million people are enthralled by the pleasures of opium, while many millions more contract the habit yearly in India, Malacca, and Siam. Nor has opium poisoned merely the yellow races. For among the Caucasians in Europe, and particularly in America, the drug is taken in greater quantities than is generally known. Concerning the domestic traffic, the Treasury Department recently reported that it "continued to be a problem of major magnitude." Arrests during 1937 for violations of the drug laws alone approached 3,500.



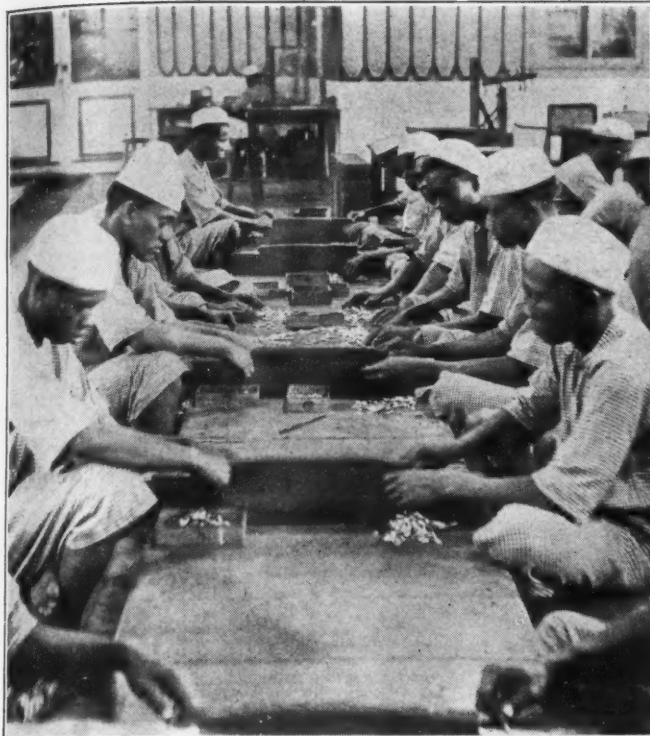
*Liquid opium is squeezed from the poppy seed head.*

In the Far East, the sale and consumption of opium has been big business for more than a century. Opium revenues have not only contributed to the support of Oriental governments but have been complacently received by the British and French authorities in the Far East. With characteristic realism the Japanese military staffs have found opium an unspectacular though highly effective weapon for subduing the populations of the confiscated Chinese provinces. And it is this deliberate drugging of China's hard working millions by the Japanese that, as yet, has not received its deserved publicity. In Manchukuo,



*Poppy field in China now under government supervision. The magnificent red flower is gone leaving the seed head.*





*Government opium factory in Batavia, Java.*



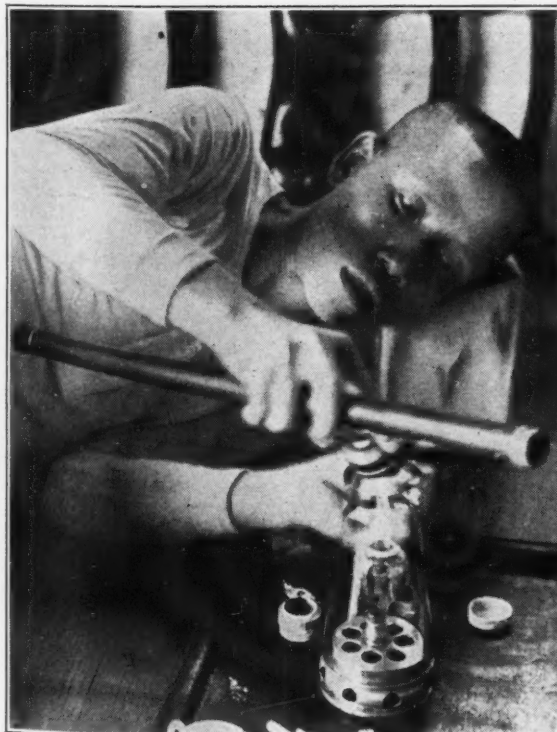
*"RO" indicates government monopoly in French Indo-China.*

Jehol, Darien, Tientsin, and Shanghai, the Japanese are now manufacturing and lavishly dispensing hundreds of tons of the habit forming drug. It is considered a military and economic tactic, as much a part of the Japanese strategy in the subjugation of China as was the deliberate bombardment of Shanghai. It is their purpose to poison and corrupt the Chinese farmers, the workmen, the students, so that in the future they will be unable to resist the invader either morally or physically.

"Wherever Japan goes, drug manufacture and traffic follow," says Stuart J. Fuller, United States representative

to the League of Nations. According to his official reports the Japanese have legalized the narcotic trade in China while, at the same time, sternly forbidding the use of opiates to all Japanese subjects.

In the face of these facts the Chinese authorities have attempted to restrict the opium trade by drastically punishing violators of the anti-drug laws. They not only registered and scientifically treated two million addicts, but executed nearly a thousand law violators last year. But the futility of such enforcement in the face of Japanese propagation of the traffic is obvious. The firing squad is a



*An opium addict lights his pipe.*



*Sweet dreams are the reward of the opium smoker.*

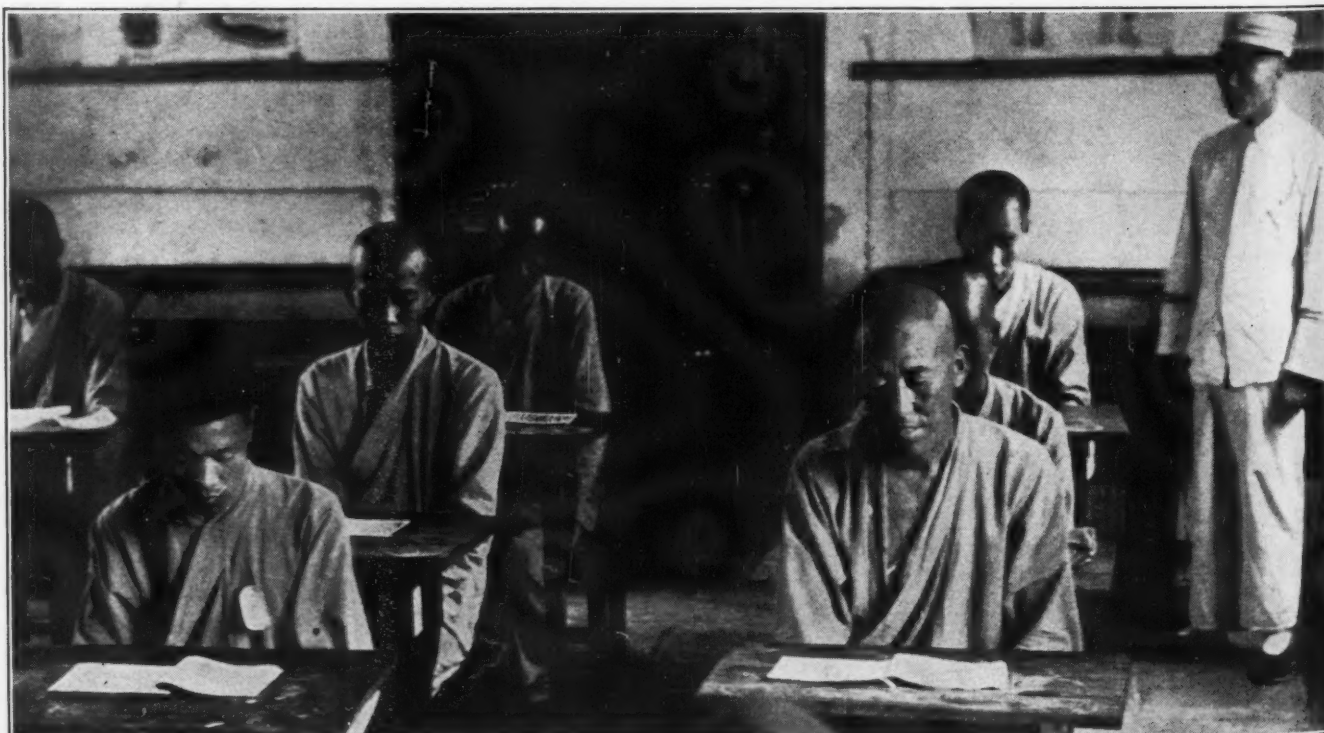


*Chinese taken during a raid on the opium dens. These men are en route to one of the rehabilitation hospitals.*

useless cure because the subtle seductions of an official drug-peddler can create more addicts in one year than the Chinese can kill off in ten. Still, the Chinese continue to make an intelligent effort to register, cure, and rehabilitate as many addicts as their limited financial resources will permit. It is their hope that such a policy of good faith will result in the cooperation of foreign governments heretofore above and beyond the Chinese law. For such purposes they have appealed to the League of Nations.

As a result of specific charges made at Geneva that their Oriental colonial establishments have been partially

supported by revenues from the official sale of opium to Chinese residents, the British authorities are becoming increasingly restive. Colonial administrators meeting in Bangkok, Siam decided gradually to reduce the drug traffic. Both the Straits Settlement and Federated Malay States have set up a reserve fund to take the place of opium revenues, which in the case of Malaya amounted to \$45,000,000. However, the Hongkong authorities failed to participate in this agreement. To them the loss of opium revenues constitutes a serious financial problem, especially serious at the present time when huge sums are being spent



*The opium addict confined in the prison hospital is given every chance to rehabilitate himself.*





*Cured, the one-time opium addict is dismissed from the prison hospital. He will report in person every two weeks.*

for the Island's defenses. Instead, the Hongkong government has advertised warnings against heroin (a derivative of opium) in all the local papers. The official advertising copy warns against the mistaken belief that heroin will cure venereal diseases and reduce the pain of syphilis.

A situation where great and powerful nations such as Britain and France complacently collect opium revenues in one part of the world while denouncing the drug traffic in another seems a prime example of shocking duplicity.

Unfortunately, the use of drugs falls into a category of vice similar to that of prostitution, that age-old malady of

the race for which there is no antidote, despite the economic theories of the Marxists, and the puritanism of Christians. The dope traffic once enfranchised and legally restrained is incompatible with morality. While to disenfranchise and to suppress the traffic is merely to drive it underground where its revenues will subsidize the criminal elements of society. Perhaps, however, there is more than one alternative. For many people believe that with the education of the masses, and the end of poverty will come a diminution in all forms of vice, including the pleasures and the miseries of opium. (Photographs by Globe, Triangle.)



*The majority of addicts are incorrigible. But no mercy is shown the addict who is caught again.*



## FLYING AS A BUSINESS

**A**FTER more than a decade of large-scale commercial aviation, people are still asking the question: "Is it safe?" Unlike accidents in the home or on the road, each airplane crash is a signal for streamer newspaper headlines strung from coast to coast. When the drama of the sky turns into tragedy the entire eyes of the nation are focused upon the accident and people shake their heads and express serious doubts about the future of commercial aviation.

Reducing the headlines to perspective, however, the truth of the matter is that airplane accidents compare very favorably with those of the automobile or even the home. In the 1937 fiscal year, 61 out of more than one million passengers lost their lives in commercial airline crashes, or approximately one person for every 17,600 carried. Yet in the last two years, one person has been killed for every 750 automobiles registered in this country. And one out of

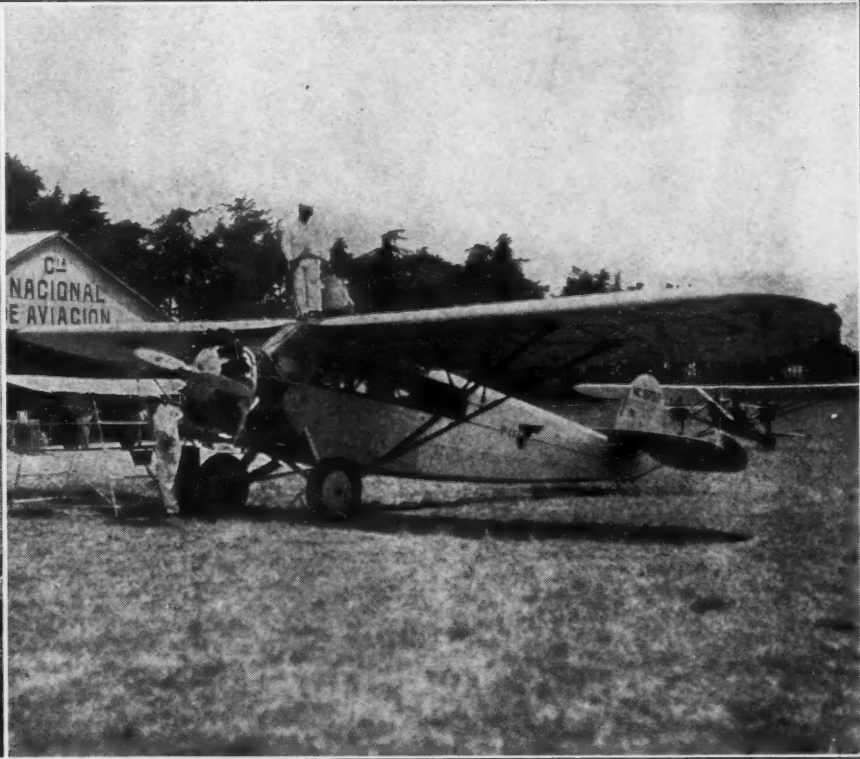
every 28 persons riding in automobiles is sufficiently injured in accidents to require medical attention. There is the argument, of course, that air accidents almost always result in fatalities, while the automobile, being solidly on terra firma, stands a better chance of enabling its occupants to survive any mishaps. This, too, is a fallacy, for the record shows that out of 28 airplane accidents in the first half of 1937, only three resulted in fatal injuries.

Can airline crashes be avoided? Some can, others not—at least, not in this stage of development. Plane-to-ground radio communication has prevented many accidents—the most notable recent one was an airliner on the New York to Washington run. The ship was sent up despite adverse weather conditions and could make only 15 miles an hour in the teeth of a 90-mile wind. As soon as the pilot realized the futility of battling the gale he turned back but was





*Combination mail and passenger express, 1927.*



*First passenger plane in use by Pan American Airways.*

blown off his course and was tossed about for many hours. The two passengers knew the plane was long overdue, realized their plight, sat down and wrote farewell notes to their wives. Fortunately, the pilot was able to get his bearings by radio, locate a field, and bring the plane to a safe landing. It is entirely possible that without such aid the plane, would have crashed or been blown out to sea. A mistake in allowing the plane to take to the air might in this case have resulted in another wreck, with loss of life.

Though the growth of commercial aviation has been very great in the past ten years, airline officials predict that an even greater development is yet to come. Transatlantic travel will become an integral part of aviation perhaps before the year is out. With as little fanfare as that attending a coast-to-coast run, airships will make regular flights to Europe. Encouraged with the fine record of its Pacific clipper service, the Pan American is getting ready to inaugurate its Atlantic clipper service. Six giant planes, each



*The growth of the commercial airlines found them expanding into the field of freight transportation.*



*Interior of a modern express airliner.*

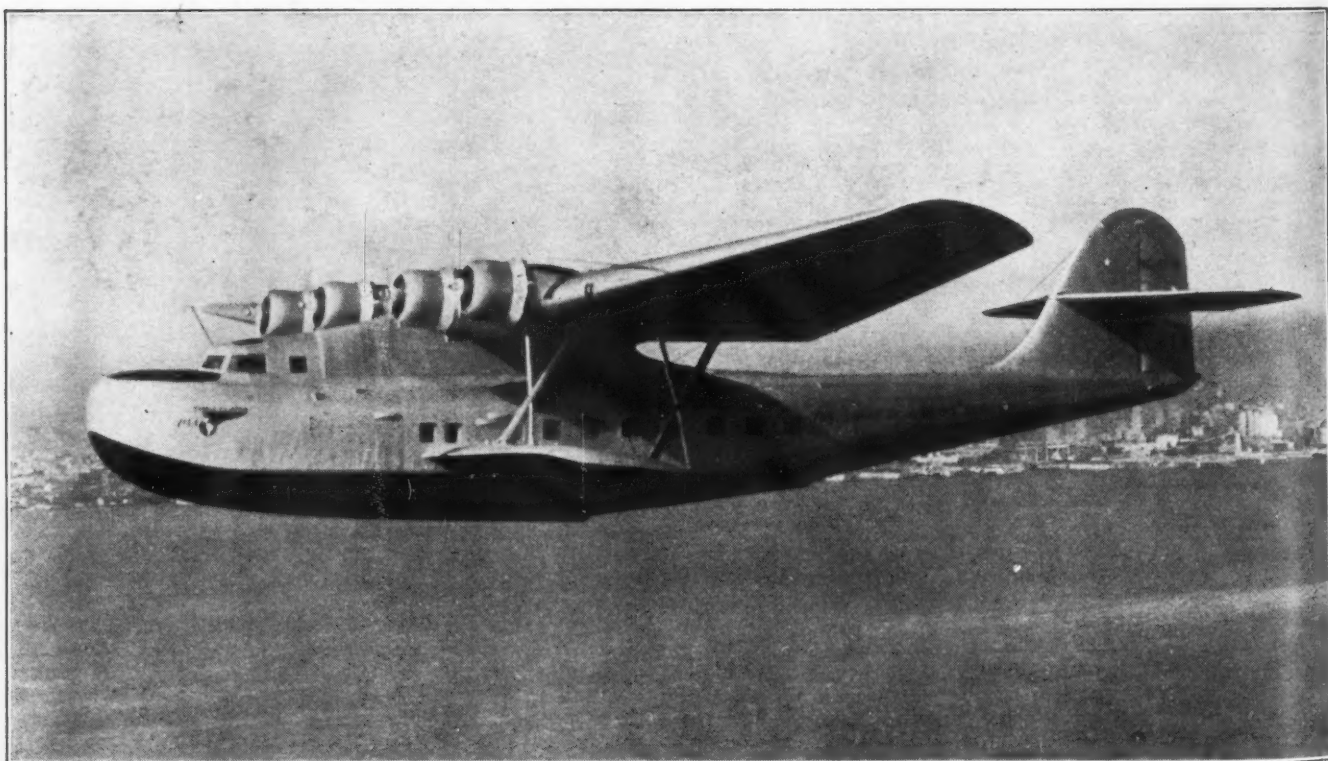


*Travel by sleepers has become a popular feature.*

costing \$1,000,000 and weighing 86,000 pounds, are near completion at the Boeing plant in Seattle, Washington. The Atlantic clippers are almost twice the size of their Pacific brothers and will have a flying range of 5,000 miles.

The new Atlantic clipper will make the flight from New York to London in about one day and is built to accommodate 50 passengers on the oceanic flight with full sleeping facilities. It is a huge three-deck liner powered with four 1500 H.P. Wright Cyclone engines, which have been de-

veloped secretly during the past two years. The flying boat, larger than the ship in which Columbus first crossed the Atlantic, will carry a crew of ten with complete living facilities on the Flight Deck. In operation, the sound of the motors can hardly be detected in the passenger compartments and it is said that the sound level is well below that of the standard pullman. Architect's drawing of the clipper is shown on the opposite page. (Photos by American Airlines, TWA, United Airlines, Pan American Airways.)

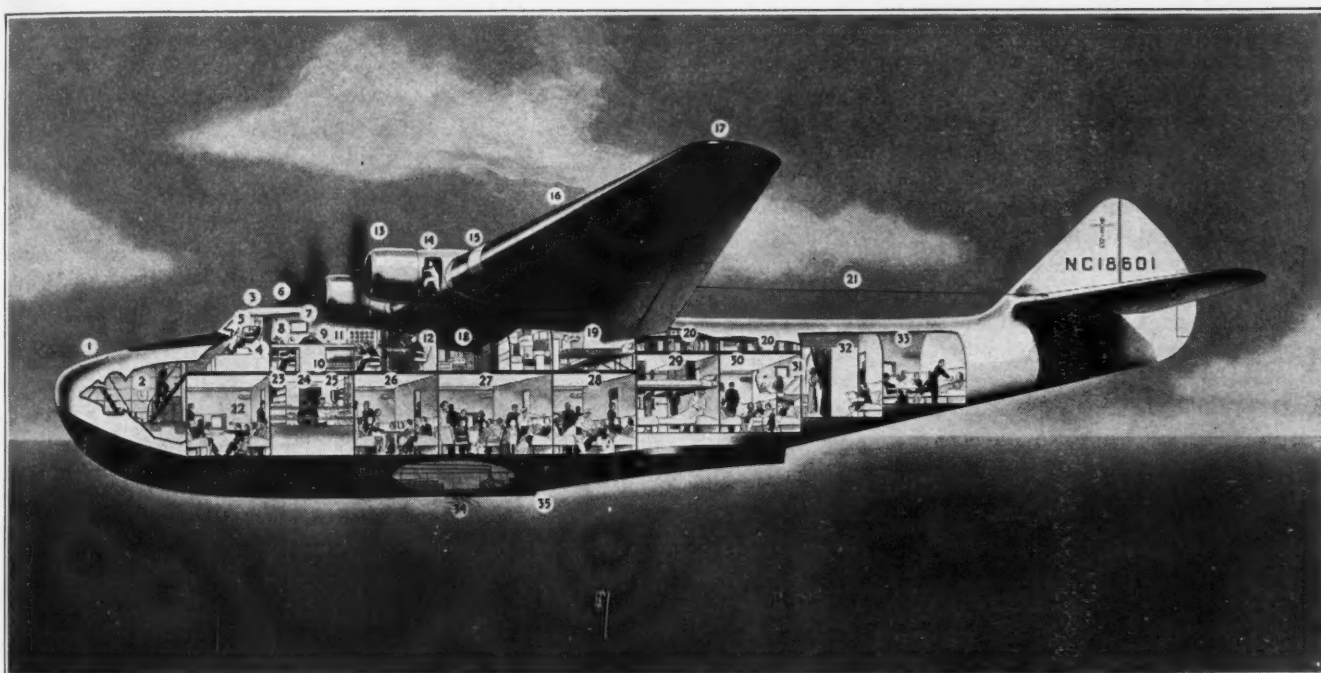


*Epoch-making were the flights of the Pacific Clipper ships. The China Clipper is pictured above.*





*This four-motored Boeing will carry 33 passengers at a speed of 242 miles an hour.*



*Architect's cut-away drawing of transatlantic airship to be placed in operation in the near future.*

Corresponding to the numbers in the drawing are: (1) Anchor Hatch. (2) Seaman's Compartment. (3) Bridge (where the flying controls of the liner are located). (4) First Pilot. (5) Second Pilot. (6) Radio Direction Finder "Loop." (7) Navigation Compartment. (8) Radio Officer's Post. (9) Chart Room—Navigator's Post. (10) Map Case, Marine Library, Drift-Sight Bombs, Flares and Navigation Instruments. (11) Engineering Officer—and the Mechanical Engine and Aircraft Controls. (12) Captain's Office. (13) 1500 H.P. Wright "Cyclone" engines equipped with Hamilton constant speed, automatic adjusting propellers. (14) Mechanic's Wing Station. (15) Controllable Landing Lights. (16) Wing Spread 152'. (17) Navigation Lights. (18) Main Cargo hold which extends into wing. (19) Crew's Sleeping Quarters. (20)

Luggage Holds. (21) Overall Length of Ship 109 feet (Height 28' 6"). (22) First Passenger Compartment, with accommodations for 10 persons. (23) Spiral Staircase to bridge. (24) Men's Retiring Room. (25) Galley where food can be prepared for 85 persons. (26) Second Passenger Compartment accommodating 10 persons. (27) Dining Lounge with accommodations for 15 passengers. (28) Third Passenger Compartment with accommodations for 10 persons. (29) Fourth Passenger Compartment accommodating 10 persons, illustrating method of making up berths for conversion of airliner into ocean sleeper. (30) Fifth Passenger Compartment for ten persons. (31) Ladies' Dressing Room. (32) Sixth Compartment. (33) Private Cabin Suite. (34) Fuel pumps for transferring fuel from sea-wings to wing tanks. (35) Auxiliary Hold.

# Travel

## FLORIDA OR CALIFORNIA?

THE suggestion was once made by Will Rogers that the next American civil war would be fought between Florida and California—underwritten by the real estate interests, planned by the press agents, and fought with grapefruits and oranges. Since that observation was made there has been no diminution in the rivalry between both States. Each claims that the sun shines nowhere as brightly as upon its own beaches and that no other place save itself can lay claim to being the perfect vacationland.

There is a great deal more seriousness in the competition between both resorts than would appear at first thought. This competition takes two forms, one as a mecca for travelers, the other as a land of opportunity for those interested in real estate. The groups which stand to gain most by the development of their own State along these two lines have gone about their efforts with much determination. Florida has engaged some of the best publicity people in the country to sing the praises of the Grapefruit State. And California, which obtains its publicity more through the advertising and press departments of the

transportation lines, has kept step with its Eastern rival.

The late Arthur Brisbane\* almost precipitated the war predicted by Rogers when he wrote in his newspaper column that "Paradise itself could be no more beautiful than Los Angeles and its environs." Although the California Hotel Association passed a resolution thanking Brisbane for the "many kind things you have said and are saying about California," the Florida interests were up in arms. They expressed their ire in very positive terms when Brisbane persisted in his praise of the coast resort, and when the California Hotel Association again thanked Brisbane for inspiring the travel trend to the Coast, the Floridians boiled over. The editor of the *Miami Herald*, which published Brisbane's column, *Today*, threw out the column in disgust after Brisbane published a quotation from a California publisher saying that the many records broken at the 1932 Olympics held in California were the direct results of the "stimulating effects of California's wonderful summer climate. It is time the world knew that

\*Arthur Brisbane: *A Candid Biography*, by Oliver Carlson, Stackpole, 1937.

California is the world's most marvelous summer resort, in addition to having its most superwonderful winter climate."

The battle of the superlatives continues today but stripping the arguments of all adjectives, the fact of the matter is that both States are similar in many respects and that the prospective vacationer will not go wrong on either one.

A story that circulated some time ago told about a press agent who handled publicity for several years for one of the two States. He was exceptionally skilled in describing the cloudless skies, the warm, soothing breezes, the flaming sunsets, the rare beauty of the beaches, the romance of the nights, and the rest of the usual travel clichés. Over a period of years he had built up a large file of descriptive literature about that particular State. He lost his job, crossed the continent where he applied for similar work in the rival State, was hired and was on the payrolls for three years before anybody realized that he hadn't done a single day's work. All the time he had been using copy from his files brought over from his first job, changing only names of places, dates, etc.

In fact, one can cross out the names of popularly-known places at both resorts in the publicity releases today of press representatives of both States and find little in the way of clues to determine which release represents which State. Recently issued were two press notices, one from each State, and the reader is invited to attempt to ascertain which is descriptive of Florida and which is descriptive of California. Where give-away names of places are mentioned, blanks are substituted.

### Press notice A:

Perhaps there is no region in the new world that arouses so much enthusiasm. To the newcomer,—is a wonderland. One finds a variety of scene, of activity, of people that one never imagined possible. Within a half day's journey you may often pass through a series of regions that are definitely reminiscent of the



*Surf Club, Miami Beach*

THE INSPIRATION: Travel photographs such as these are used by the publicity representatives of southern resorts to break down the resistance of business men who feel they cannot break away from the office. Publicity pictures always seem to be of beaches populated almost entirely by attractive young women.



# GRACE LINE

*Caribbean Cruises* **SAIL EVERY FRIDAY**  
*from New York, visiting enroute*



Every comfort and luxury in ships built especially for tropical cruising

PUERTO RICO  
PUERTO COLOMBIA  
BARRANQUILLA  
CARTAGENA  
CURACAO  
LA GUAIRA  
CARACAS  
PUERTO CABELLO  
NASSAU

**17 DAYS** from **\$285.**  
**INCLUDING OUTSIDE ROOM**  
**WITH PRIVATE BATH**

in the splendid Grace Liners

**SANTA ROSA SANTA PAULA SANTA ELENA**

Dining rooms, high up in the ship, with wide casement windows, open directly onto promenade decks. Ceilings roll back so you may dine under the stars.

Outdoor tiled swimming pools Sun Decks

All outside rooms, each with private fresh water bath

Dorothy Gray Beauty Salons Club-bars

Dance Orchestras Pre-release talkies

Seven ports, permitting visits to 11 interesting cities

Shore trips, including exclusive 2-day, 160 mile auto trip thru interior Venezuela, at slight extra cost.

Golf at most ports No passports required

## 31 and 38 DAY CRUISES TO PERU and CHILE

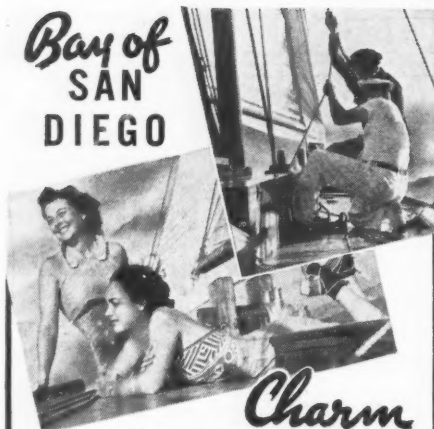
31 day trips to Lima, Peru; 38 day tours far into the Andes to Cuzco and the interior of Peru; 38 day cruises to Valparaiso and Santiago, Chile. Stop over privileges permit visits to the lovely Chilean Lake Region and Buenos Aires. En route Panama Canal, Havana and 12 to 17 other Caribbean and South American cities, depending on cruise selected. Weekly sailings from New York.



SEE YOUR TRAVEL AGENT OR GRACE LINE

10 Hanover Square or 628 Fifth Ave. (Rockefeller Center), New York  
Boston Washington, D. C. Chicago San Francisco  
Pittsburgh New Orleans Seattle Los Angeles

## Bay of SAN DIEGO



### Charm OF ENVIRONMENT

Situated in Southern California's marvelous coastal zone and built around one of the world's ten finest landlocked harbors, **San Diego** offers you an environment unsurpassed. Here, by a southern sea amidst perennial subtropic beauty, this modern community of **San Diego** is indeed your dream city come true.

*Come winter or summer and its utter charm will enthrall you.*

**FREE BOOKLET**  
Address . . . Room 143  
San Diego - California Club



## VOTED FIRST



by people  
who have been  
everywhere

• Home from a popular world cruise, hundreds of tourists, by shipboard ballot, voted South Africa the "most interesting" of all the countries they had visited.

And for good reasons: Here are the beauty and refinements of civilization; picturesque, primitive native life; natural scenery in unspoiled grandeur; closeups of African game in its natural habitat; all kinds of outdoor sports; together with a splendid climate, comfortable hotels and modern transportation.

Detailed information from all leading tourist and travel agencies.

## SOUTH AFRICA

THE WORLD'S "MOST  
INTERESTING TRAVEL LAND"

## Questions and Answers

### Questions on Page 4

1. The Gulf of California.
2. Texas.
3. New York.
4. Arizona.
5. The Pope an Sovereign, Pius XI.
6. New York, Pennsylvania, Ohio and Michigan.
7. A legislature with only one house.
8. John Nance Garner, Charles Curtis, Charles G. Dawes and Calvin Coolidge.
9. There is only one living former Vice-President, Charles G. Dawes.
10. Only in case of a tie.
11. Under Calvin Coolidge.
12. Robert H. Jackson.
13. William II of the house of Hohenzollern.
14. Belgium, Switzerland, Austria, France, Netherlands, Poland, Czechoslovakia and Denmark.
15. W. A. Julian.
16. Italy, Japan, China, France, England, United States, Portugal, Belgium and Holland.
17. Prime Minister of Great Britain.
18. Yes.
19. Decreased approximately to one fourth.
20. British interests.
21. Belgium.
22. The Macon, Akron and Shenandoah.

Malay Coast, the Riviera, the English Coast, the Holy Land, and many others.

The variety of ———, as every-one familiar with it knows, is literally inexhaustible. But it is only one part of the State's charm. The wholesome, all year 'round outdoor climate; the opportunities for enjoying all kinds of sport; the rare beauty of its ——— and seashore; the golden sunsets; the wealth of flowers at all times; the colorful charm and sophistication of its cities, the friendliness and cheerfulness of its citizens all help to make ——— a delightful place. Yes, it is in many ways "very near to the terrestrial paradise."

And now for press notice B:

The romance of the old, the charm of the new—both are to be found in ———. Here the vacationer may spend every moment of his time in dozens of enjoyable ways. If you are fascinated by the subtle lure of tropic nights; if you like a paradise of scenic surroundings, balmy winds from the broad ——— Ocean, avenues of whispering palms, a silver strand of beach for bathing, the fun of doing the thousand and one things you've never had time to do, the pleasure of contact with friendly neighbors in a modern, progressive, wide awake city—then you owe it to yourself to consider ———.

The reader who is unable to determine from these press releases which refers to Florida and which to California is now informed that press notice A is descriptive of the latter and notice B the former.

And even on the matter of history, there is something of a similarity between the two. Witness the accounts of their State's history as prepared by travel writers for both resorts:

History A:

———, in the early days of conquest and colonization, was one of the most unpromising regions on the continent. True, the Spaniards found the

climate wonderful but they were interested in other things than climate. Even the Indians who lived there were an unpromising lot—perhaps the most primitive on the whole continent; and there is no indication that any kind of culture or civilization ever came to flower in that region, prior to the coming of the first white settlers.

And History B:

The earliest explorations and attempts at colonization of ——— by Europeans were made by the Spanish. The Indians were hostile and the missionary efforts among them failed, but the Spaniards were attracted by the warmth and mildness of the climate, by the richness of the soil, by the healthful quality of its waters, and by the abundance of flowers.

The only definite hint that History B pertained to Florida is to be found in the last word, for one of the chief claims to fame of that State is its flowers. But otherwise, in many respects History A and History B are identical.

Not the least confusing is the following bit of travel literature which refers to a city in Florida, although its name and description would certainly be taken to mean the better-known cinema city on the Coast.

## ROSICRUCIAN SECRET TEACHINGS

RARE truths are offered to those who seek to use them solely for the perfection of their inner faculties and in the mastering of the daily obstacles of life. The International Organization of Rosicrucians will be happy to receive the requests of those who believe that worthiness and sincerity determine the right for one to have such wisdom. To them, a copy of "The Secret Heritage," a fascinating book, will be given without price. Let this book guide you to the conservative plan whereby you may widen your scope of personal power. Simply address your letter to:

SCRIBE C.N.A.

AMORC TEMPLE  
San Jose California





All-Year Club, Southern California

**CHANGE OF PACE:** Not all southern publicity photographs are of smooth beaches and gleaming surf. This snapshot of the San Diego Mission, oldest of the California Missions founded by the Franciscan padres, will appeal to those who like a romantic touch of the old world on their vacations.

"Back of every great accomplishment invariably may be found genius, a remarkable personality or a great mind. History is replete with innumerable manifestations of this endowment of human vision, energy and leadership. Hollywood is an astounding example of the dream of a mental giant and its miraculous fulfillment. From a wilderness of tropical jungle it has emerged one of the greatest and most amazing municipal developments of all history. Here is the astounding tale of engineering achievement which has mastered swamps and turned them into home sites, which has defied Time in moving mountains of age-old fertile earth to create lakes and waterways and gardens and golf links—a tale that for sheer scale, speed and beauty of results, is unique, even in our America."

This description of Hollywood fits

in perfectly with popular ideas of Hollywood, California, but it is taken from a booklet on Hollywood, Florida.

The rivalry between Florida and California seems to be a sort of united front idea on each side. Cities in Florida will vie against each other in bidding for the travel and real estate trade coming to that State. And the competition among California cities is even more intense. San Francisco, for example, has been waging a travel war against Los Angeles for more than thirty years along a wide front. And there are any number of cities in Florida which have been trying to take the play away from Miami and Miami Beach. These intra-state quarrels have been conducted on no small scale, the competing cities employing high-powered publicity firms to establish their supremacy. But when the broader issue of State superiority comes up, all local issues are temporarily forgotten for the broader cause of the State, and vying publicity people within each State will combine forces to lure tourist trade. But if and when it comes, there is a free-for-all scramble for the lion's share.

Neither Florida nor California has assumed definite leadership over the other in the American travel field—despite the determined efforts of each one toward that end. Florida appears to have a slight edge in the winter trade but California makes up for it

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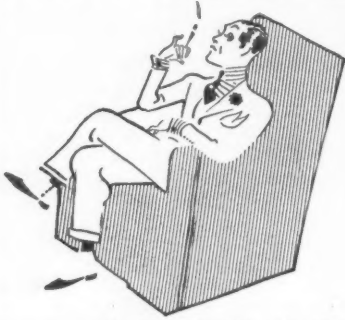
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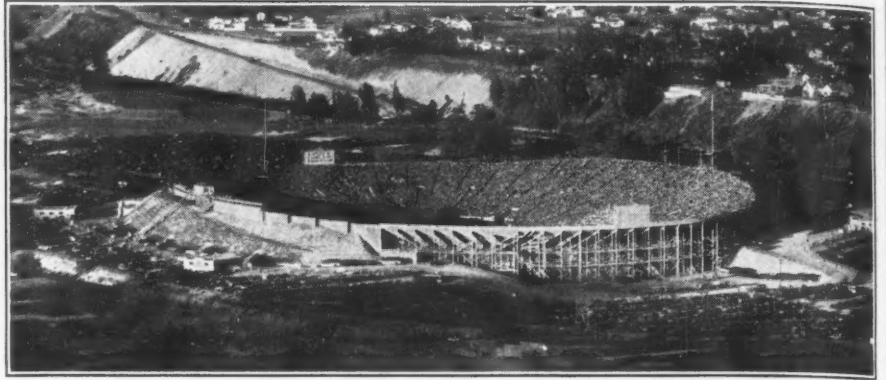
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THE ORIGINAL: Pasadena has its Rose Bowl, above, but it was not long after the annual Rose Bowl Game was started that Florida introduced the Orange Bowl.

with its advantage in the summer season. So that the question of supremacy will have to remain a standoff for the time being.

In an attempt to break the deadlock, Florida has courted European travel and has had an extraordinary share of success in this department during the past two winters. Miami traces a large measure of its 10,000-European tourist business volume last year to a widespread advertising campaign it has conducted on the Continent. One of the larger steamship companies has publicized Miami as a New World Riviera. Even Uncle Sam seems to have had a hand in the increase of foreign tourist traffic in the Florida metropolis. The recent completion of extensive harbor improvements with the aid of WPA funds has developed Miami into one of the most important passenger terminals in the nation.

California's big bid, of course, for both domestic and foreign travel will be its International Exposition next year at San Francisco. The Golden Gate fair will emphasize attractions for travelers rather than its industrial and scientific displays (*Current History*, January, 1938). The fair will stress travel not only to California but to the entire Pacific Basin.

## HERE AND THERE

SCOTLAND is now preparing one of its greatest welcomes for the thousands of travelers who will flock to Glasgow this summer to attend the Scottish Empire Exhibition. Opening May 1 and continuing through October, this great \$50,000,000 Exhibit will be one of the premier tourist attractions of all Europe this year, and will act as a magnet to draw loyal Scots home from every corner of the

globe. Eighty thousand tickets have already been sold to citizens of Scotland and from fifteen million to twenty million are expected to see the display before it closes. A 300-foot observation tower, accommodating more than 600 people at one time, will mark the center of the Exhibition grounds. On a clear day, visitors to the tower will be able to see nearly half of the entire country of Scotland.

The Chateau de Tarascon has now been transformed into a museum of Provençal art, history and customs. The castle, which has served as a prison and a residence during its 300 years, was the favorite retreat of King Rene, poet and painter who instituted the ancient Fete of the Tarasque, a legendary animal of gigantic proportions.

Church services at St. Martins-in-the-Fields, London, may soon be seen as well as heard at home if preliminary plans are carried through. Recently, the vicar of the church delivered the first televised religious address ever made by a clergyman. Such services may be televised regularly from this well-known parish church to English listeners.

Paradise was once located deep in the jungles of South Africa, according to the famous 500-year-old Catalan World Map, which places the mythical spot at the source of the Nile. Ireland is described on the map as an Hibernian island "where people can never

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die. When they are so old that they wish to die, they have to be taken away to the mainland."

A wine museum, probably the only one of its kind in the world, has been established—as might be expected—in France. Located in Vouvray, the museum is dedicated to Noah, the first wine-grower. A series of attractive sketches and old documents describing the development of wine-growing in the Touraine district is on exhibition.

The peasants of Siberia are giving up their old superstitions and as a result the world may soon have to go without its finest brushes. The wild boar of that region used to be considered sacred and were allowed to roam unharmed. But now many Siberians have discarded that notion and are hunting the boar for food. As a result, twelve-year-old animals, from which the rarest and most beautiful bristle in the world are taken, are

becoming extinct. Hairbrushes made from this bristle, known as XXX-lily, formerly cost \$250 each. Now, because of the scarcity, the price has jumped to \$500, with no assurance that it will not be raised even higher.

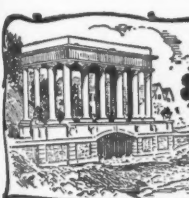
The established way of getting through a call for assistance in the remote interiors of Australia is to cut a telegraph wire—if those in distress happen to be near one. It serves the same function as pulling the red cord in a railroad train. Last year, many settlers were rescued when telegraph officials traced the break in the wires.

The written recipe of the poet Byron for losing weight will soon be sold in London. Bryon was a great believer in perspiring, and he recommends "a great coat, eight waistcoats, flannel bandages, daily physic, no ale, one meal a day, and the hot bath." The letter in which these suggestions are


contained is one of several from the collection of a British minister.

Falcon Island, come-and-go island of the South Pacific, is due for one of its "going" performances. The island, which has been appearing and disappearing since the 1860's, is almost under water. First sighted by the ship Falcon, the tiny corner of land was above water until 1880, when it vanished for five years. It was submerged again in 1894 and did not reappear until 1927, when it was explored by scientists who found that it was of volcanic origin and was composed of pumice and ash, both of which are quickly worn away by water and wind.

The birthplace of Cecil Rhodes, founder of the Rhodes scholarships, will be turned into a museum dedicated to his memory. The house, acquired by the Government, will be refurbished in the style of the time of his birth.



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## The World Today in Books

(Continued from page 9)

American Journal of Mathematics, in 1878. This was followed by journals in Chemistry, Classical Philology, History, Modern Philology, Biology, and Medicine. The catalog of the Press for the current year lists 950 titles.

### Current University Lists

Among the books on the publishing lists of the university presses for the present season are:

*Technical Journalism*, by F. W. Beckman, Harry R. O'Brien, and Blair Converse, Collegiate Press, Iowa State College, \$2.50. A competent guide for the prospective reporter, free-lance newspaper writer, and publicity representative.

*The Origins of the Foreign Policy of Woodrow Wilson*, by Harley Notter, Johns Hopkins Press, \$4.50. An authoritative analysis of our history-making foreign policies in the few years preceding the World War.

*Problems of War and Peace in the Society of Nations*, University of California Press, \$1.50. A collection of lectures by six prominent authorities on government and world peace.

*The Origins of American Intervention in North Russia, 1918*, by Leonid I. Strakhovsky, Princeton University Press, \$2.00. The story of the brief period in 1918 when the United States led a military expedition into Russia. The author has used much hitherto unpublished material.

*The History of (Lower) California*, by Don Francisco Javier Clavigero, S. J., translated from the Italian and edited by Sara E. Lake and A. A. Gray, Stanford University Press, \$4.00. Orig-

inally written in 1768 by a Jesuit priest and dealing with the peninsula's history from 1534 to 1768, the work is the only available complete history of California during that period.

*Ware Sherman*, by Joseph LeConte, University of California Press, \$1.50. A Journal of three months' personal experience in the last days of the Confederacy.

*The Legal Status of Aliens in Pacific Countries*, edited by Norman MacKenzie, Oxford University Press, \$7.00. Sixteen authorities contribute to a symposium of the legal prerogatives and restrictions placed upon aliens in the countries which are in the Pacific area, including the United States, Canada, Russia, Australia, China, and India.

*700 Chinese Proverbs*, translated by Henry H. Hart, Stanford University Press, \$2.00. The wit and wisdom of the Chinese as expressed in their favorite proverbs for every occasion.

*Carbine and Lance*, by Captain W. S. Nye, University of Oklahoma Press, \$3.00. Vividly-written account of Indian warfare at Old Fort Sill from early frontier days until after the Civil War.

*A Guide to Aesthetics*, by A. Torosian, University of California, \$3.25. A book which will heighten artistic appreciation in both beginners and advanced students. The work is exceptionally well-developed and is written in a pleasant, clear style.

*The Economics of Alfred Marshall*, by H. J. Davenport, Cornell University Press, \$4.00. A definitive work on the author of the famous *Principles of Economics*. Although the author's death prevented final approval or revision, the work is a finished product. The reader will find more than an analysis of Marshall's economics alone; he will find a substantial contribution

to the economic thought of our time in the explanations and theories of the author.

*Environment, Race, and Migration*, by Griffith Taylor, University of Toronto Press, \$3.50. Subtitled the "Fundamentals of Human Distribution: with Special Sections on Racial Classification; and Settlement in Canada and Australia," the work is comprehensive, authoritative, and makes judicious use of maps, charts, and photographs.

*Some Observations on Eighteenth Century Poetry*, by David Nichol Smith, University of Toronto Press, \$1.50. A series of informative, interesting essays based on the Alexander Lectures in English given last year at the University of Toronto.

*Utopia in Uruguay*, by S. G. Hanson, Oxford University Press, \$3.50. Taking as its subject the "first New Deal in the Americas," which the author says was begun twenty-five years before the present Roosevelt Administration, the book is an expert account of the period in Uruguay's history which was marked by state socialism and social legislation.

*Royal Commissions of Inquiry*, by Hugh McDowell Clokie and J. William Robinson, Stanford University Press, \$3.00. Recently brought to the forefront in the Palestine dispute, the Royal Commissions have been in existence since the eleventh century. This is the first complete study, record, and appraisal of the work of that body, which has been charged with the adjudication of disputes in connection with the Empire.

*The Wasted Land*, by Gerald W. Johnson, Chapel Hill, University of North Carolina Press, \$1.50. The challenging story of what is happening to the land in the Southeast. The author warns that if left uncorrected, the neglect of southern soil may well be suicidal.

*Evolution and Repentance*, by Lane Cooper, Cornell University Press, \$2.25. A series of essays and addresses on Aristotle, Plato, and Dante with papers on Matthew Arnold and Wordsworth.

*Aliens in the East: A New History of Japan's Foreign Intercourse*, by Harry Emerson Wildes, University of Pennsylvania Press, \$3.00. An objective study of Japan's policy towards foreigners in the Far East. Valuable as a background study of the present conflict.

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